

SPiRITED  
& SOARING



ANNUAL REPORT  
2016-2017



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A TOAST  
TO A SPIRITED  
EFFORT





## INNOVATION, PREMIUMIZATION AND COMMITMENT

In a globally volatile economic environment, our commitment towards being one of the best performing, most trusted and respected companies is as strong as ever. This year we have not only created moments of magic in the market, but also our complete bouquet of brands has created utopia amongst the liquor lovers. With innovation and precision, all of our brands have catapulted Radico to a new high, paving the way to an unchallenged leadership across segments.

Innovation not only entails creating, launching and marketing new products, but also includes improving the taste experience of a product. As Indian consumers have become more globalized in their aspirations, as they travel abroad more frequently and are exposed to a range of international products, domestic demand for aspirational products will only increase. To meet this demand, we need to focus on improving R&D and innovation capabilities. At the same time, we also need to keep a tab on product lifecycle by recreating the brand experience and launching new products.

We are, what we repeatedly do! Our maiden brand, 8 PM has kept on repeating its history of high performance. Magic Moments Vodka has also registered great success during the year. Its premium variant - Magic Moments Remix has emerged as the new protagonist in the glorious success story of Radico this year. The strategy of 'Premiumization' executed with Morpheus Brandy, M2 Verve Vodka, Pluton Bay and Electra has expanded the prominence of the value driven premium category of Radico Khaitan.

There is an increase in the penetration of spirits in emerging markets and the growing desire for luxury spirits in the country and abroad. Radico Khaitan would benefit from this trend as it has a strong foundation of global ties, exports and innovation.





**MAGIC  
MOMENTS**  
VODKA

DISTILLED  
WITH





## MAGIC MOMENTS VODKA: ZING UP LIFE

Launched in 2005, the brand became a rage overnight. The enthralling taste of Magic Moments not only set the town buzzing, but also unleashed the thirst for making every moment grand! Commanding over 50% market share across price points in Vodka category, it has reached the level of being the undisputed leader and a category driver for the industry.

Produced from the finest grains, its triple distilling process is a mark of absolute purity that simply zings up life. This premium vodka is smooth and perfectly blends with your senses, giving an enriched taste. The spirit of Magic Moments can be celebrated with various tantalizing flavours that take excellence a notch up! No wonder, this remarkable brand of vodka is a millionaire brand of Radico Khaitan and has won many coveted laurels for the organization, including nine Gold Medals in last ten years in the Monde Selection. Magic Moments Remix Flavoured Vodka has also carved out its leadership with Lemongrass and Ginger Flavour winning six consecutive Grand Gold Awards and Green Apple Flavour winning five consecutive Gold Awards in the Monde Selection respectively.







## MORPHEUS BRANDY: SPIRIT OF FRANCE CAPTURED IN A GOBLET

The essence of a French chateau, the lush green yards and the exoticness are superbly captured in the bottle of this premium brandy. It rolls on the tongue smoothly, awakening your senses and making the taste irresistible.

After achieving three consecutive Gold Medals at the prestigious Monde Selection, the world has taken note of its treasured legacy and trademark excellence. Morpheus, now a leader in its segment, proudly basks in the glory of its finesse and perfection with which it has been processed. The pure bliss attained with each sip is a truly remarkable experience.



## VERVE SUPER PREMIUM VODKA: HIGH ON VERVE

Using a five staged slow filtration process with silver and platinum filters, this unique vodka possesses the ability to send you in a trance. The tantalizing aroma of its flavour and its crisp taste have enabled Verve to attain a significant market share in the premium segment.

Verve has also been felicitated with Monde Selection Gold Award for the last five years for its exemplary quality and distinctive flavours – Verve Green Apple and Verve Orange, that have carved a niche in the category. Verve Green Apple has the crunchy taste of freshly plucked Green Apples, whereas Verve Orange has a citrusy and tangy aroma of fresh and ripe oranges with a sweet taste that lingers on.





# AFTER DARK

**AFTER  
DARK**  
Fine Grain Whisky



**AFTER DARK  
FINE GRAIN WHISKY:  
ONE LIFE. MANY PASSIONS.  
WHY WAIT?**

After Dark is a promising brand in the fast growing premium segment in India. It is a drink to be savoured with friends.

The night has different connotations for different people. It unfolds and brings a unique world of desire, adventure and excitement. In fact, it's where the fun and action begins. After Dark Whisky was rewarded with the Silver Medal at the Monde Selection Quality Award, 2011.

**MAGIC  
MOMENTS**  
**ELECTRA**







## KICK THE BORING

Exploring the wilderness within, the quest to conquer the unusual and the zest to go beyond the limits is what drives non-conformists. To kick the boring out of their lives, we have introduced a gush of raw adrenaline for them - Electra, that brings to the table the best mixed cocktails like Cosmopolitan, Agent Orange, Appletini, Starry Night Martini and Mojito to savour.

Electra is a vodka based cocktail, triple-distilled and triple-filtered with carbon and platinum filters. Keeping the spirit of innovation alive, this 8% vodka infused drink comes with a premium ring pull-off cap, that kicks the boredom out and lets one embark on an expedition to find one's inner glory and stun the world.







## REGAL TALONS DELUXE RARE GENERATION WHISKY: UNBEATABLE SPIRIT

Regal Talons has been especially made for the breed that believes in conquering and emerging as champions with its unbeatable spirit. Regal Talons has also been coveted with the prestigious Gold Award in the Monde Selection, 2017.

The fine taste of Regal Talons sets free the spirit of passion and perfection and takes one to a new level of supremacy. The smoothness of this whisky rolls on the tongue like silk and lets one savor it effortlessly, enjoying the finest things in life.

"Dare to go where no one would try. Choose to fly where eagles soar high. Get your claws on Regal Talons Deluxe Rare Generation Whisky, the finest blend that combines Indian grain spirits with imported single malts to deliver that exceptional smoothness."





# PLUTON BAY

## PLUTON BAY RARE EXOTIC RUM: SPIRIT OF ADVENTURE

The journey of Pluton Bay is one of passion, a sense of adventure and a pursuit of excellence. It is a toast to the spirit of exploration, as one sea captain said - "The spirits are now smoother to the tongue and have acquired a gold colour during the voyage."

Pluton Bay, a rare blend of aged cane juice and finest neutral spirits was launched in the premium rum category. The bottle has an international tear-off sleeve and a pilfer proof cap making it a unique rum drinking experience.

Pluton Bay is a spicy, dark brown exotic rum, smoother than any other. It is a promise of a million cheers for true lovers of quality rum.

Pluton Bay was the winner of Silver Award at the Monde Selection in the first year of its launch.



Distilled, Blended & Bottled By  
RADICO KHAITAN LTD.



The background of the advertisement is a scenic landscape featuring a range of mountains under a sky with soft, wispy clouds. In the foreground, a dark wooden surface holds three small, dark-colored cups. The cup on the left is a travel mug with a black handle, while the two cups on the right are simple, dark, conical vessels. The overall lighting is soft and atmospheric, suggesting a dawn or dusk setting.

*Old  
Admiral*

OLD ADMIRAL BRANDY:  
FOR REAL MEN ONLY

Made especially for the men with pride, honour and courage, the splendid taste of this spectacular brandy celebrates the achievement of greatness and passion for all the good things in life. The classic taste perfectly blended with rich sensations and enthralling aroma ensures that it is savored the way it is desired and truly deserved.

# CONTESSA

## CONTESSA XXX RUM: FOR THE MAN OF COURAGE

Contessa Rum is another millionaire brand from the house of Radico Khaitan. This brand has surpassed expectations and has garnered a strong foothold in the Indian market.

This rum truly reflects the real meaning of courage, while its taste simply touches the right chords and reflects the true essence of bravery. It is the highest selling rum brand in the defence segment with a formidable leadership in the market. Now Radico Khaitan has spread the splendid taste of this rum in parts of Africa, South East Asia and Middle East. The company has also launched Contessa in the USA and Canada recently.



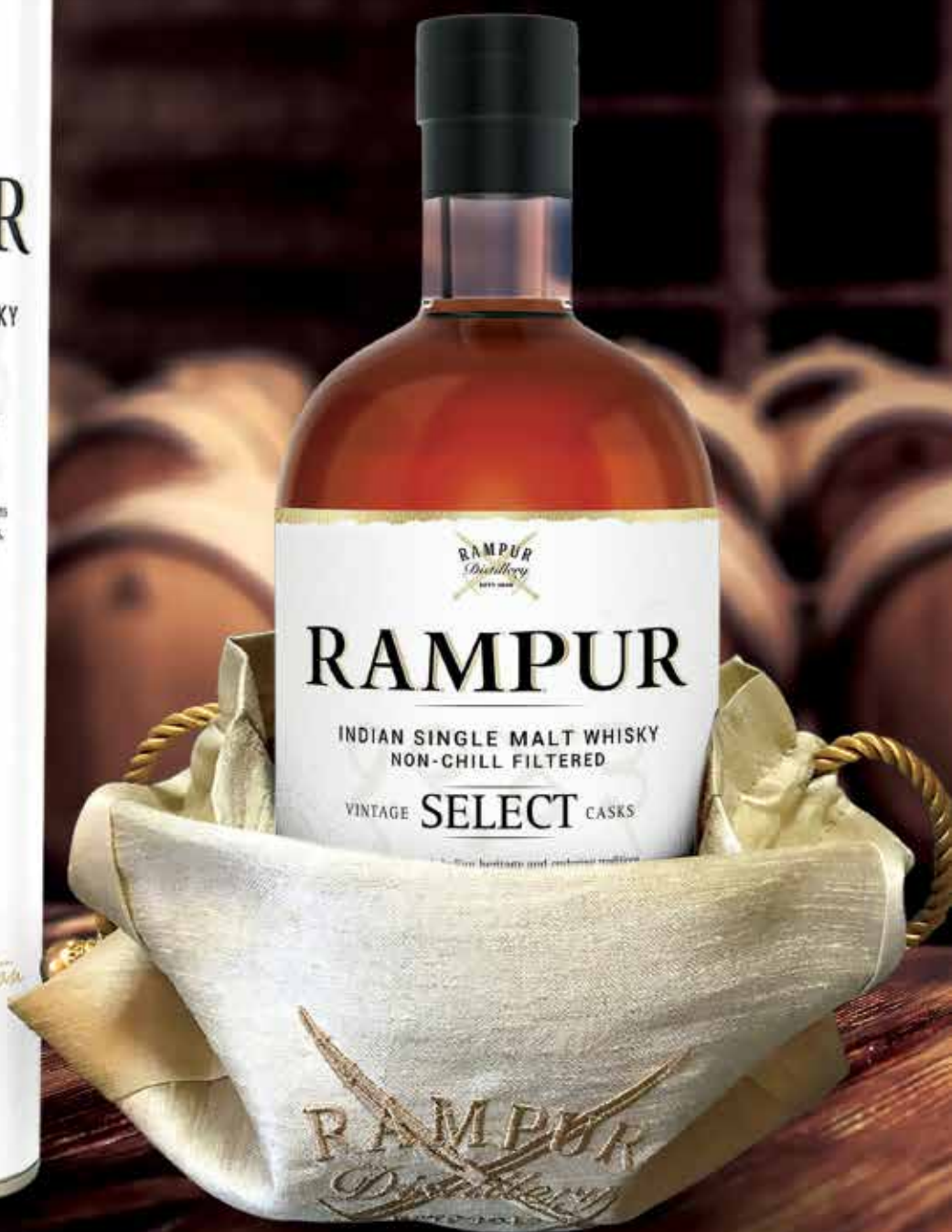


**8  
PM**

## 8 PM WHISKY: AATH KE THAATH

When the hand of the clock strikes 8, it's time to end the wait. It unleashes a carefree streak and engulfs one into an aura of unmatched experience which captures the true essence of "Aath ke thaath". 8 PM is a flagship brand of Radico Khaitan and reflects the true essence of quality drinking, blended with the rich taste of the finest quality grains. Furthermore, 8 PM is the first brand in the liquor industry to make it to the 'Limca Book of Records' for selling one million cases in the first year of its launch.









# RAMPUR

## RAMPUR INDIAN SINGLE MALT WHISKY: DECADES OF PERFECTION

Rampur Indian Single Malt is presented in distinguished canister packaging. Treasured in a robust stout bottle with a thick base, its overall appearance is of understated luxury.

The Rampur Indian Single Malt experience is enhanced with the addition of a cork with sleeve and a handcrafted silk pouch imparting a royal touch. The brand has been recognized in the Monde Selection, 2017 with a Gold Award.





# 1965

## 1965 PREMIUM XXX RUM: THE SPIRIT OF VICTORY

Under an initiative taken by Radico Khaitan, 1965 Premium XXX Rum was launched in 2016.

Marketed exclusively for the Indian Defence Force Personnel, it is available at Canteen Stores Department only.

The product, with rich flavours like dried fruits, chocolate, oak and honey, was created to cater to the demand of premium rum drinkers.











# RAMPUR DISTILLERY

Rampur Distillery & Chemical Company was established in 1943. It is one of the largest and the most efficiently run distilleries in India, manufacturing high grade Extra Neutral Alcohol (ENA) from molasses and grains.

The plant has an overall capacity of 102.5 million litres per annum; the breakup of the same is as follows:

- 75 million litres per annum of ENA from molasses
- 27 million litres per annum from grain
- 460 thousands litres per annum from malt

Rampur Distillery also manufactures various brands of IMFL and Country Liquor. Besides meeting the domestic demand, various IMFL brands are sold abroad.

The plant is self-sufficient in meeting the fuel and power requirement by backward integration, utilizing its effluent for generating bio-gas which, in turn, is used to generate the steam and power for its captive requirement.

The unit has a series of firsts to its credit:

- It is the first Indian distillery to obtain ISO 9001:2000 certification
- It has achieved a capacity utilization of 100% in the alcohol plant
- It is the first environment-friendly distillery in the country

The effluent treatment facility in Rampur Distillery is unique in nature when compared to its competitors. The Distillery complies with the Zero Discharge concept set by the Central Pollution Control Board (CPCB). The treatment varies by products, which improves the operational stability of the plant, adding to the Company's profitability.

INNOVATION  
THE  ONLY  
WAY TO   
STAY  AHEAD 





**8  
PM**

8 PM saw an innovation in the packaging of the 180 ml SKU with the launch of its Tetra Pak. This innovation offered the consumers value for money, hygiene and minimized the hassles of handling the product. It helped the product reach the remotest of locations and attracted more and more consumers, giving the brand a new bandwidth to operate. It also helped the brand in managing logistics in more efficient ways and increased the width of distribution, thereby becoming a major driver of growth for Radico Khaitan.



**MAGIC  
MOMENTS**

**ELECTRA**

It has been launched to capture the opportunity in the RTD segment and to capitalize on the success of Magic Moments. Radico Khaitan's latest offering Electra is a triple-distilled and triple-filtered vodka with carbon and platinum filters. Keeping the spirit of innovation alive, this 8% vodka infused drink comes with a premium ring pull off cap, allowing boredom a flavourful escape with the most popular pre-mixed cocktails.



**PLUTON  
BAY**

The bottle of Pluton Bay Rum is transparent and has a rustic look. Its unique stocky bottle design is an innovation in this category of rum and gives a macho feel to the bottle holder. It also enhances the ease of portability and decantation. The bottle has an international tear-off sleeve and a pilfer proof cap making it a unique rum drinking experience.



**MORPHEUS**

Being India's first premium brandy, brand Morpheus had the challenge to create a niche for itself, with its bottle being the starting point. Bringing back the classic connection of a goblet and brandy from the age old era, Morpheus was designed in the shape of an inverted goblet, giving the brand a unique bottle shape.

# AWARDS AND ACCOLADES



## PROUD WINNERS AT THE GLOBAL MONDE SELECTION AWARDS

Company	Country	Product	2011	2013	2014	2015	2016	2017
Radico Khaitan Ltd.	India	Magic Moments Remix Flavoured Vodka Lemongrass and Ginger	Grand Gold	Grand Gold	Grand Gold	Grand Gold	Grand Gold	Grand Gold
	India	Magic Moments Vodka	Gold	Gold	Gold	Gold	Gold	Gold
	India	Morpheus Brandy	Gold	-	-	Gold	Gold	Gold
	India	M2 Verve Magic Moments Super Premium Vodka	-	Gold	Gold	Gold	Gold	Gold
	India	Regal Talons Deluxe Rare Generation Whisky	-	-	-	-	-	Gold
	India	Rampur Indian Single Malt Whisky	-	-	-	-	-	Gold
	India	Pluton Bay Rum	-	-	-	-	-	Silver

SOURCE: MONDE SELECTION GLOBAL QUALITY AWARDS  
WWW.MONDE-SELECTION.COM



## RAMPUR



Winner of the Gold Award in 2017.

## PLUTON BAY



Winner of the Silver Award in 2017.

## REGAL TALONS



Winner of the Gold Award in 2017.

## VERVE



Winner of the Gold Award consistently from the year 2013 to 2017.

## MAGIC MOMENTS



Winner of the Grand Gold Quality Award consistently from the year 2011 to 2017.

## MORPHEUS



Winner of the Gold Award in: 2011, 2015, 2016 and 2017.

# GLOBAL BRAND RANKINGS

SOURCE

THE DRINKS INTERNATIONAL: THE MILLIONAIRES' CLUB 2017  
[WWW.DRINKSTINT.COM](http://WWW.DRINKSTINT.COM)



16<sup>TH</sup>  
RANK



WHISKY

12<sup>TH</sup>  
RANK



VODKA

2<sup>ND</sup>  
RANK



BRANDY

6<sup>TH</sup>  
RANK



RUM

BRAND  
CAMPAIGNS

**KICK  
THE  
BORING**



**THE SPIRIT OF  
ADVENTURE**







SPRIT OF FRANCE  
CAPTURED IN A GOBLET

The advertisement for Morpheus XO Blended Premium Brandy features a woman with long brown hair, wearing a black dress, kneeling inside a large, ornate glass goblet. The goblet is set against a backdrop of the Eiffel Tower in Paris at sunset. To the right of the goblet is the product packaging, which includes a black box and a bottle of the brandy. The bottle has a red-to-orange gradient label with the Morpheus logo and text. A small number '33' is visible in the bottom right corner of the image.

MORPHEUS  
XO  
BLENDED PREMIUM  
BRANDY

MORPHEUS  
XO  
BLENDED PREMIUM  
BRANDY

33





# GLOBAL PRESENCE: OVER 70 COUNTRIES AND GROWING









# CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

## SKILL DEVELOPMENT AND JOB OPPORTUNITIES

Radico Khaitan regularly conducts skill development activities to enhance employment opportunities of the villagers and encourage women empowerment.

The programme includes:

- Free professional classes for girls and boys to support themselves for self employment
- Free sewing machines and beautician kits to all the girl participants



## SAFE, CLEAN AND GREEN ENVIRONMENT

Some parts of Rampur district have been facing water problems and were under a "Dark Zone" for the last few years. Radico Khaitan adopted artificial water recharging technique through bore wells to improve the water level in these areas.

The company has also undertaken tree plantation drives around the ponds of the villages to enhance greenery.

Radico Khaitan has also been conducting the "Swachh Bharat" drive in the nearby villages of Rampur district.

## ACADEMIC EXCELLENCE RECOGNITION

To recognize and award top scholars of Rampur, Radico Khaitan regularly organizes the "Academic Excellence Award". The initiative has felicitated and promoted a lot of talent during the last fifteen years.





## INFRASTRUCTURE AND EDUCATIONAL SUPPORT

Insufficient infrastructure of practical laboratories in some schools of Rampur rural areas lead to half-baked knowledge of students in 10th and 12th standards.

Addressing this issue, Radico Khaitan has supported the Inter Colleges in improving their laboratories by:

- Donating one hall for science laboratory to Shri Hari Inter College, Rampur
- Donating Physics, Chemistry and Biology laboratory apparatus to Shri Hari Inter College, R. S. M. Inter College, Vill. Chandupura, Bal Vidya Mandir Inter College and Vill. Mahmoodpur, Rampur



## HEALTH CARE AND MEDICAL FACILITIES

In the company's bid to ensure a healthy lifestyle, Radico Khaitan has donated "Fundus Camera" and "Retinal Green Laser" to District Eye Relief Society, operating under the district administration of Rampur.

## SPORTS AND FITNESS EVENTS

Radico Khaitan has regularly organized district level sports events for both girls and boys.

The company also organizes "Half Marathon" in district Rampur. The most recent "Half Marathon" saw more than 1500 people participate, where the winners were felicitated by Radico Khaitan with precious awards.

In the same event, Radico Khaitan also conducted games for disabled children to encourage sports among them and provide them with a sense of belonging.



MESSAGE  
FROM  
CHAIRMAN  
AND  
MANAGING  
DIRECTOR





Dear Shareholders,

After a consolidating phase in FY2016, your executive management team entered the year ahead with a relentless focus on delivering yet another year of profitable financial results. The pleasing performance during FY2017 was a testament to the resilience of our long term strategy, the inherent strength of our business model and the attractiveness of our brand portfolio. Last year was not however without its surprises and challenges. While both demonetization and the highway liquor ban had a temporary impact on our volumes and sales growth, we were successfully able to quickly adjust to the disruptions in the market environment. Radico Khaitan continued to prioritize the generation of strong free cash flows and the deleveraging of its Balance Sheet. We ended the fiscal year 2017 with a sound capital structure that provides us with valuable strategic and financial flexibility to capitalize on the Indian consumer growth story ahead of us.

Consistent with our strategic and operational focus on premiumization, we launched two new exciting brands: Rampur Indian Single Malt and Regal Talons Semi Premium whiskies during FY2017. The successful launch of this single malt whisky is a real testament to our R&D strength and product development capabilities. Our aim with the Rampur Indian Single Malt was to create a truly memorable consumer experience, consistent with the company's long established brand equity. We are taking an additional leap into this exciting journey by adding a new dimension with Rampur Indian Single Malt. Regal Talons is targeted at addressing the gap in our premium whisky portfolio and capturing the opportunity in the largest segment of the Indian spirits industry. Our existing drinks portfolio, together with these new launches, is expected to drive a sustainable and profitable growth trajectory for Radico Khaitan in the years to come.

India is poised to become the third largest consumer market globally in the near term. Increasing disposable incomes, changing consumption patterns towards lifestyle products and rapid urbanization will be the key drivers of this growth. India has the youngest age profile amongst the BRICS nations and major global economies, with a median age of around 28 years. Around 66% of the country's population is also within the legal drinking age. These two demographic indicators alone powerfully highlight the growth opportunities for consumer companies in India.

Radico Khaitan, with its strong brand portfolio coupled with a flexible capital structure, is suitably poised to enter another exciting growth phase. To sum up, we are Spirited and Soaring!

Dr. Lalit Khaitan  
Chairman and Managing Director

MESSAGE  
FROM  
MANAGING  
DIRECTOR





Dear Shareholders,

The year gone by will certainly be remembered for its market volatility and uncertainty as a result of demonetization, liquor prohibition in certain states and the highway liquor ban. Despite a succession of these uncontrollable factors, Radico Khaitan was able to deliver a stable topline and volume performance for the year. This achievement was primarily underpinned by our portfolio of Prestige and above category products, a fundamental part of our strategy over the years.

During FY2017, our Net Sales grew by 1.7% to ₹1,680 Crore driven by a robust 7.9% growth in the Prestige and above category volumes even as overall volumes remained relatively flat. Our EBITDA increased by 13.3% at a margin of 12.5%. Radico Khaitan during the year remained focused on profitable growth and free cash flow generation. During the year, we reduced net debt by ₹162 Crore and expect this trend to continue in FY2018. We expect to repay all of our long term borrowings by FY2019.

Magic Moments, Morpheus and our other established brands continued to gain market share and achieve new volume landmarks during FY2017. This underlying momentum was taken to another level with a series of new product launches across various categories during the year. We continue to launch brands to selectively expand our product portfolio for the next stage of Radico Khaitan's growth. Many of our other recent launches such as Regal Talons whisky and Magic Moments ELECTRA, a ready to drink product, continued to build on the early encouraging feedback from consumers and trade channels and also demonstrated higher levels of consumer acceptance. We are confident that all of the products and marketing initiatives, that we have undertaken, are leading Radico Khaitan in the direction of profitable growth and a promising future.

Furthermore, in the Monde Selection Quality Awards 2017, Magic Moments Remix Flavoured Vodka Peach and Morpheus Brandy received the International High Quality Trophy. This Trophy is awarded for products which have reached a high quality level, i.e. Grand Gold or Gold, over three consecutive years. These awards are a testament to our focus on innovation and quality brands.

Our passion for brands, focus on consumer satisfaction and a culture of innovation together are the foundations of the company's future growth. Radico Khaitan has unshakeable conviction in its corporate values and is proud of its global recognition and success.

I would like to take this opportunity to thank the Board of Directors for steering the management team and providing inspiration during a challenging year. For FY2018, the executive management team remains focussed on achieving the best for all stakeholders and delivering tangible returns for them.

Abhishek Khaitan  
Managing Director

## FY2017 Annual Report: Director's Report

Dear Members,

It is our pleasure to present the Thirty Third Annual Report on the business and operations together with the Audited Financial Statements of your Company for the year ended March 31, 2017.

### Summary of Financial Performance:

(Figures Rs. in Crore)

	FY2017	FY2016
Revenue from Operations (Gross)	4,867.95	4,271.09
Other Income	19.65	38.87
Revenue from Operations (Net of Excise Duty)	1,679.90	1,651.82
Earnings before Interest, Tax, Depreciation & Amortization and Other Income (EBITDA)	210.79	186.12
Profit before Tax	109.68	98.72
Profit after Tax from continuing business	80.61	73.45
Total Comprehensive Income	79.28	71.84
Other Equity brought forward from last year	936.51	877.35
Profit available for appropriation	-	165.66
Transfer to General Reserve	-	50.00
Proposed Dividend and tax thereon	12.81	12.81
Other Equity carried forward	1003.28	936.51

### Operations Review:

FY2017 was a volatile year marked by a number of industry related issues and uncertainties. In addition to the increase in duties & taxes and higher raw material costs without corresponding price increases, industry faced the challenges due to demonetization, state level prohibitions and national highway liquor ban. These uncontrollable events in succession led to the slowdown in the industry growth, particularly in the regular category volumes. The Company's total IMFL volumes increased by 0.4% in comparison to the last year, primarily driven by robust performance of the Prestige & Above category brands which grew by 7.9% y-o-y. As a percentage of total IMFL volumes, Prestige & Above brands contributed 26.0% compared to 24.2% in FY2016. Net Sales during FY2017 increased by 1.7% in comparison to FY2016.

Despite subdued sales, we delivered a strong operating performance with EBITDA increasing by 13.3% y-o-y with margins of 12.5%. This increase in EBITDA was after absorbing a 6.9% y-o-y increase in the ENA costs during the year. However, given a favourable monsoon forecast ENA prices are expected to stabilise in the near term. EBITDA of Rs. 210.8 Crore during FY2017 included a non-cash profit of Rs. 0.8 Crore on account of foreign exchange fluctuation related to ECBs (compared to a non-cash charge of Rs. 19.8 Crore in FY2016). Finance cost during the year declined by 5.2% to Rs. 80.4 Crore on account of repayment of borrowings and reduction in interest rates.

### Capital Structure and Liquidity:

#### Share Capital

As of March 31, 2017, Radico Khaitan had an authorized equity share capital of Rs. 34 Crore, divided into 17,00,00,000 equity shares of Rs. 2 each. The Company also had an authorized preference share capital of Rs. 60 Crore, divided into 60,00,000 preference shares of Rs. 100 each. During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. As of 31st March, 2017, the Company had issued, subscribed and paid-up equity share capital of Rs. 26.60 Crore divided into 13,30,38,765 equity shares of Rs. 2 each.

During the year under review, the Company granted 100,000 stock options under the Employees Stock Option Scheme 2006. These shares will vest with employees in next four years.

#### General Reserve

No amount has been transferred to the General Reserve out of the Company's profit of Rs. 79.28 Crore for the financial year ended March 31, 2017.

#### Term Loan and Working Capital

During the year, net debt reduced by Rs. 162 Crore which is in line with the Company's ongoing deleveraging strategy. As of March 31, 2017, Total Debt was Rs. 799.0 Crore while Cash & Cash Equivalents were Rs. 14.1 Crore resulting in Net Debt of Rs. 785.0 Crore (vs. Rs. 947.0 Crore as on March 31, 2016). Total Debt consists



of Rs. 550.9 Crore of Working Capital loans and Rs. 248.1 Crore of Long Term loans. During FY2017, the Company reduced the Long Term ECBs from \$41.4 million to \$25.2 million. Working Capital loans increased during the same period due to seasonality impact.

As on March 31, 2017, Company had a conservative leverage with Debt/Equity ratio of 0.78x (1.00x as on March 2016) and Net Debt/EBITDA of 3.72x (vs. 5.09x as on March 2016).

### Capital Market Ratings:

Radico Khaitan's long term and short term credit facilities are rated by CARE Ratings. The Company's long term credit facilities are rated CARE A (Single A; stable outlook) and short term credit facilities are rated CARE A1 (A One).

CARE A rated instruments are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. CARE A1 rated instruments are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

### Directors:

During the year under review, there was no change in directors.

### Board Meetings:

During FY2017, the Board of Directors met five times on 10<sup>th</sup> May 2016, 25<sup>th</sup> May 2016, 17<sup>th</sup> August 2016, 4<sup>th</sup> November 2016 and 10<sup>th</sup> February 2017. The gap between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days. The details regarding composition, number of Board Meetings held and attendance of the directors during FY2017 are set out in the Corporate Governance Report as annexed with this report.

### Meeting of Independent Directors:

The Independent Directors of the Company met separately on 10<sup>th</sup> February 2017 without the presence of the Non-Independent Directors and the members of management. The meeting was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company. In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), following matters were, inter-alia, discussed in the meeting:

- 1) Review of the performance of Non-Independent Directors and the Board as a whole;
- 2) Review of the performance of the Chairperson of the Company, taking into account the views

of Executive Directors and Non-Executive Directors;

- 3) Assess the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Declaration by Independent Directors:

The Company has received declarations under Section 149 (6) of the Companies Act, 2013 from all Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the Listing Regulations. The Company keeps a policy of transparency and arm's length while dealing with its Independent Directors. No transaction was entered with Independent Directors in the year which could have any material pecuniary relationship with them. Apart from sitting fee no other remuneration was given to any of the Independent Directors.

### Board Evaluation:

In accordance with the Companies Act, 2013 and Rules made thereunder, Schedule - IV of the Act and SEBI Regulation 4(2)(f) of the Listing Regulations, Radico Khaitan has framed a policy for the formal annual evaluation of the performance of the Board, Committees and individual Directors. The Company has in place a comprehensive and structured questionnaire for evaluation of the Board and its Committees, Board composition and its structure, effectiveness, functioning and information availability. This questionnaire also covers specific criteria and the grounds on which all Directors in their individual capacity are evaluated.

The performance evaluation of the Independent directors was done by the entire Board excluding the director being evaluated. The performance evaluation of the Chairman and the Non-Independent directors was carried out by the Independent directors. The Board of Directors expressed their satisfaction with the evaluation process.

### Policy on Nomination, Remuneration and Board Diversity:

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members as well as diversity of the Board. We at Radico Khaitan recognize the benefits and importance of having a diverse Board of Directors in terms of skill set and experience. The Company has an optimum mix of executive and non-executive, independent directors and woman director. The detail of the policy is explained in the Corporate Governance Report.

### Roles and Responsibilities of Board Members:

The Company has a clearly laid out policy defining the structure and role of the Board Members. The Company has an Executive Chairman and Managing Director – presently Dr. Lalit Khaitan, a Managing Director – currently Mr. Abhishek Khaitan and an optimum combination of Executive and Non-Executive Promoter/Independent Directors. The duties of the Board Members including Independent Directors have been elaborated in the Listing Regulations, Section 166 of the Companies Act, 2013 and Schedule IV of the said Act. There is a clear segregation of responsibility and authority amongst the Board Members.

### Risk Management Policy:

In this volatile, uncertain and complex operating environment, only companies that manage their risk effectively can sustain. Risk management is embedded in Radico Khaitan's corporate strategies and operating framework. The Company has in place comprehensive risk assessment and minimization procedures, integrated across all operations and entails the recording, monitoring and controlling enterprise risks and addressing them timely and comprehensively. The

risks are reviewed by the Audit Committee and the Board from time to time and new risks are identified based on new business initiatives and the same are assessed, minimisation framework and controls are designed and appropriately implemented.

### Insurance of Fixed Assets:

Your Company has adequately insured all its properties including Plant and Machinery, Building and Stocks.

### Awards and Recognition:

During the year, Radico Khaitan received numerous awards for its leading brands. These awards are a testament to the Company's innovation and quality of products. In the Monde Selection Quality Awards 2017, Magic Moments Remix Flavoured Vodka Peach and Morpheus Brandy received the International High Quality Trophy. This Trophy is awarded for products which have reached a high quality level, i.e. Grand Gold or Gold, over three consecutive years.

### Award Details:

Name of the Brand	Monde Selection Quality Awards 2017
Magic Moments Remix Lemongrass & Ginger Flavoured Vodka	Grand Gold
Magic Moments Remix Peach Flavoured Vodka	Grand Gold
Regal Talon Rare Generation Whisky	Gold
Rampur Indian Single Malt Whisky	Gold
Morpheus Brandy	Gold
Magic Moments Vodka	Gold
Magic Moments Remix Green Apple Flavoured Vodka	Gold
Magic Moments Remix Orange Flavoured Vodka	Gold
Magic Moments Remix Lemon Flavoured Vodka	Gold
Magic Moments Remix Chocolate Flavoured Vodka	Gold
Magic Moments Remix Raspberry Flavoured Vodka	Gold
M2 Verve Super Premium Vodka	Gold
M2 Verve Magic Moments Green Apple Premium Flavoured Vodka	Gold
M2 Verve Magic Moments Orange Premium Flavoured Vodka	Gold
Pluton Bay Rum	Silver
Magic Moments Electra Appletini	Silver
Magic Moments Electra Agent Orange	Silver
Magic Moments Electra Mojito	Silver
Magic Moments Electra Cosmopolitan	Bronze



**Employee Stock Option Scheme:**

Radico Khaitan's employee stock option scheme was implemented to provide the employees with an opportunity to share in the growth of the Company and to reinforce long term commitment. The Compensation Committee, at its meetings held on 02.03.2017, granted 1,00,000 stock options, to the eligible employees, as per the Employees Stock Option Scheme 2006. The particulars of the options as required by SEBI (employee stock option scheme and employee purchase scheme) Guidelines, 1999 are appended as Annexure - A and forms part of this report.

**Dividend:**

The Company has a dividend policy that balances the dual objective of appropriately rewarding its shareholders and retaining capital to support future growth. Your Directors are pleased to recommend a dividend of Rs. 0.80 per equity share or 40% on face value of Rs. 2.00 each for the year ended March 31, 2017. The total dividend payout for the financial year will be Rs. 12.81 Crore including a dividend distribution tax of Rs. 2.17 Crore. This consistent dividend payout is to demonstrate our commitment towards our shareholders. The dividend is subject to approval of shareholders at the Annual General Meeting on 29<sup>th</sup> September 2017 and will be paid to the shareholders whose names appear in the Register of Members as on the date of book closure, i.e. 23.9.2017 to 29.9.2017.

**Dematerialisation:**

During the year 79,870 shares of the Company constituting 0.06% of the issued and subscribed Share Capital of the Company, were dematerialised. Around 98.13% of the shares of the Company have now been dematerialized as on March 31, 2017. Your Directors would request all the members who have not yet converted their holdings into dematerialized form, to do so thereby facilitating trading of their shares. As

per SEBI guidelines it is mandatory that the shares of a company are in dematerialized form for trading.

**Public Deposits:**

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (acceptance of Deposits) Rules, 2014.

**Subsidiaries and Joint Ventures:**

During the year under review, the Company has no subsidiary company. Radico Khaitan has one joint venture, namely, Radico NV Distilleries Maharashtra Limited. The Company has 36% stake in the said JV. In terms of the Section 129 (3) financial results of Radico NV are consolidated with the accounts of the Company.

Those Shareholders who are interested in obtaining a copy of the audited annual accounts of the Joint Venture company may write to the Company.

In terms of proviso to sub section (3) of Section 129 of the Act, the salient features of the financial statement of the Joint Venture Company is set out in the prescribed form AOC - 1 is attached herewith as a separate Annexure - A-II.

**Transfer to Investor Education & Protection Fund:**

Section 124 of the Companies Act, 2013 mandates that company should transfer dividend, that has been unclaimed for a period of seven years, from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). To ensure maximum disbursement of unclaimed dividend, the Company sends reminders to the concerned investors, before transfer of dividend to IEPF. Unclaimed dividend has been transferred to IEPF as per below table:

(Amount in Rs.)

Financial Year	Date of Declaration of Dividend	Total Dividend	Unclaimed Dividend as on 31-3-2016	Due Date of Transfer to IEPF account
FY2002	16.07.2002	38,579,176.00	730,556.00	22.08.2009
FY2003	19.07.2003	34,721,258.40	914,312.00	24.08.2010
FY2004	17.07.2004	38,579,176.00	973,284.00	22.08.2011
FY2005	16.11.2005	42,437,093.60	983,341.00	21.12.2012
FY2006	25.09.2006	48,223,970.00	1,135,840.00	30.10.2013
FY2007	26.09.2007	51,231,109.50	922,432.00	05.11.2014
FY2008	30.09.2008	51,231,109.50	1,065,509.00	16.10.2015
FY2009	15.09.2009	30,738,665.70	699,978.00	07.10.2016

**Key Managerial Personnel:**

There has been no change in Key Managerial Personnel during the year under review.

**Remuneration of the Directors and Employees:**

Your Company's approach is to have performance based compensation culture to attract and retain high quality talent. The remuneration policy, therefore, is market-led and takes into account the competitive circumstance of the business so as to attract and retain quality talent and leverage performance significantly.

The remuneration payable to each executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time depending upon individual contribution, the Company's performance and the provisions of the Companies Act, 2013.

**Particulars of Employees:**

In accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are to be set out in the Directors' Report, as an addendum thereto. During FY2017, 2 (two) persons employed throughout the year, were in receipt of remuneration of Rs. 120 lakh per annum or more and 2 (two) persons employed part of the year received salary more than the prescribed limit. During FY2017, the Company had a total of 1124 employees, as per Annexure B.

The above annexure is not being sent along with this Report to the Members of the Company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by Members at the registered Office of the Company, 21 days before the 33<sup>rd</sup> Annual general meeting and up to the date of the ensuing Annual General meeting during the business hours on working days.

None of the employees listed in the said annexure is a relative of any Director of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

The information required under Section 197 (12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2017 is given in Annexure - B to this Report.

The Business Responsibility Reporting as required

by Section 134 (5) of the Companies Act, 2013 is not applicable to your Company for the financial year ending March 31, 2017.

**Audit Report:**

The observations made in the Auditors Report as enclosed with this Report are self-explanatory and therefore do not call for any further comments under Section 134 of the Companies Act, 2013.

**Statutory Auditor:**

M/s. BGJC & Associates LLP, Chartered Accountants are the Statutory Auditors of the Company for a period of five years with effect from 11.7.2016. M/s. BGJC & Associates LLP have confirmed to the Company that they are not disqualified under section 141 of the Companies Act, 2013, or any other applicable provisions for the time being in force and are eligible for being appointed as statutory auditors of the Company. M/s. BGJC & Associates LLP have also confirmed to the Company that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

The report of the Statutory Auditors along with notes to Schedules is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark.

**Cost Auditor:**

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to Industrial Alcohol every year.

The Board of Directors, on the recommendation of audit committee, has appointed Mr. S.N. Balasubramanian, Cost Accountants, as cost auditor to audit the cost accounts of the Company for the financial year 2018 at a remuneration of Rs. 1 lac plus service tax as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

**Secretarial Audit:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s. TVA & Co. LLP, a firm of Company Secretaries in Practice (C.P. No. 5253) to undertake the Secretarial Audit of the Company. The



Secretarial Audit Report is included as Annexure - C and forms an integral part of this Report. There is no secretarial audit qualification for the year under review.

**Particulars of Loans, Guarantees or Investment by the Company under Section 186 of the Companies Act, 2013:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

**Vigil Mechanism:**

Pursuant to the requirement of section 177 (9) & (10) of the Companies Act, 2013, Radico Khaitan has adopted a Vigil Mechanism, which allows employees of the Company can raise their concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Company or society as a whole. Details of complaints received and the action taken are reviewed by the Audit Committee. The functioning of the Vigil Mechanism is reviewed by the Audit Committee from time to time. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.radicokhaitan.com](http://www.radicokhaitan.com).

**Archival Policy:**

Pursuant to the Listing Regulations and in line with Radico Khaitan's Policy on Determination of Materiality of Events, the Company shall disclose all such events to the Stock Exchanges and such disclosures shall be hosted on the website of the Company for a period of 5 years and thereafter the same shall be archived so as to be available for retrieval for a further period of three years by storing the same on suitable media. Thereafter the said information, documents, records may be destroyed as per the policy on preservation of documents.

**Related Party Transactions:**

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in form AOC-2 is not required. Further, there are no material related party transactions during the year under review with the Promoters, directors or Key Managerial Personnel. The Company has developed a Related Party Transactions framework through Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

All Related Party Transactions are placed before the Audit Committee as also to the Board for approval. Omnibus approval was obtained on a quarterly basis for transactions which are of repetitive nature. Transactions entered into pursuant to omnibus approval are audited by the Legal & Compliance

Department and a statement giving details of all Related Party Transactions are placed before the Audit Committee and Board for review and approval on a quarterly basis.

The policy on Related Party Transactions as amended and approved by the Board of Directors has been uploaded on the website of the Company. The web-link of the same has been provided in the Corporate Governance Report. None of the directors has any pecuniary relationship of transactions vis-à-vis the Company.

**Environmental Protection Measures Taken by the Company:**

In view of the corporate responsibility on Environmental Protection, the Company has adopted a number of measures to improve in the field of environment, safety and health. Measures like standard operating procedures, training programmes for all levels of employees regarding resource conservation, housekeeping, Green Belt development and onsite emergency plan have been taken. Sustainable living is a part of long-term business strategy and your Company continuously strives to reduce our environmental footprint, while enhancing the livelihood of millions of people across our product value chain.

**Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:**

As per Section 134 (3) (m) read with the Companies (Accounts Rules) 2014, the relevant information and data is given at Annexure - D.

**Corporate Social Responsibilities (CSR):**

CSR at Radico Khaitan is creating sustainable programs that actively contribute to and support the social and economic development of the society. The Company is committed to eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and ensuring environmental sustainability. As part of its CSR programmes, the Company partners with the community and addresses issues of water and sanitation, education, health and skill-building. Radico Khaitan also promotes and encourages responsible drinking through engaging with employees, taking preventative action, education & raising awareness and bringing communities on board to address local challenges at their root.

**Composition of the Committee:**

1.	Dr. Lalit Khaitan	Chairman
2.	Mr. K.P. Singh	Member
3.	Mr. Ashutosh Patra	Member
4.	Ms. Shailja Devi	Member

The Company's projects are in accordance with Schedule

VII of the Companies Act, 2013 and the Company's CSR policy. The Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as Annexure - E forming part of this Report.

The Company is in the process of identifying bigger projects in Healthcare & Education so the unspent amount will be spent together with the current year eligible spend.

#### **Significant and Material Orders Passed by the Regulators or Courts:**

There has been no significant and material order passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

#### **Safety & Wellbeing of Women:**

Gender equality and women safety is a very important part of Radico Khaitan's human resource policies. The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review, there were no sexual harassment cases reported to the Company.

#### **Directors' Responsibility Statement:**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 (3) (c) of the Companies Act, 2013.

- i) that in the preparation of the Annual Accounts for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) the board had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) the annual accounts have been prepared on a going concern basis;
- v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Extract of Annual Return:**

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return is provided in Annexure - F.

#### **Management Discussion and Analysis:**

Management Discussion and Analysis Report, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and forms part of this report.

#### **Corporate Governance Report:**

Report on Corporate Governance along with the certificate of M/s. TVA & Co. LLP, Secretarial Auditor., confirming compliance of conditions of Corporate Governance, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, forms part of the Annual Report.

#### **Internal Financial Controls:**

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The internal financial controls have been documented, digitised and embedded in the business process.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, controls self assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditors during the course of their audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

#### **Audit Committee:**

As on date, the Audit Committee comprises of three (3) Independent, Non-executive Directors. The members of the Audit Committee are Mr. Sarvesh Srivastava (Chairman of the Committee), Dr. Raghupati Singhania and Mr. Ashutosh Patra. All Members of the Audit Committee are financially literate and bring in expertise in the fields of finance, taxation, economics, industry and risk.



The Audit Committee invites the Chairman & Managing Director, Managing Director, Chief Financial Officer and the Company Secretary, Statutory Auditor(s) and Internal Auditor and Cost Auditors to attend the meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee. The minutes of each Audit Committee meeting are placed and discussed at the next meeting of the Board.

#### **Acknowledgements:**

Your Directors would like to express their sincere appreciation to the investors and bankers for their continued support during the year. Your Directors extend their sincere gratitude to all the Regulatory Authorities such as SEBI, Stock Exchanges and other Central & State Government authorities and agencies, Registrars for their guidance and support. The Board also appreciates the support and co-operation your

Company has been receiving from its supply chain partners and others associated with the Company as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth.

Your Directors place on record their deep appreciation to employees at all levels for their efforts, dedication and commitment. Their enthusiasm and hard work has enabled the Company to be at the forefront of the industry. We also take this opportunity to thank all our valued customers who have appreciated our products.

**For & on behalf of the Board**

**Place: New Delhi**

**Date: 26.07.2017**

**Sd/-**

**Dr. Lalit Khaitan**

**Chairman & Managing Director**

**DIN - 00238222**

## ANNEXURE - A

### Requirements under the SEBI (Share Based Employee Benefits) Regulations, 2014

#### Summary of Status of ESOPs Granted

The position of the existing schemes is summarized as under -

Sr. No.	Particulars	Scheme 2006
<b>I. Details of the ESOS</b>		
1	Date of Shareholder's Approval	25-May-06
2	Total Number of Options approved	4,280,000
3	Vesting Requirements	10% in first year of Vest i.e. 1 year from date of grant, 25% on 2nd and 3rd vest and 40% on 4th vest
4	Exercise Price or Pricing formula (Rs.)	15% discount to closing price as per Scheme of 2006 on the date of Grant
5	Maximum term of Options granted (years)	Options to be exercised within 3 years of vesting
6	Source of shares	Primary issuance
7	Variation in terms of ESOP	Nil

<b>II. Option Movement during the year</b>		
1	No. of Options Outstanding at the beginning of the year	731,250
2	Options Granted during the year	100,000
3	Options Forfeited / lapsed during the year	38,125
4	Options Vested during the year	0
5	Options Exercised during the year	0
6	Total number of shares arising as a result of exercise of options	0
7	Money realised by exercise of options (Rs.)	0
8	Number of options Outstanding at the end of the year	793,125
9	Number of Options exercisable at the end of the year	216,125

<b>III. Weighted average exercise price of Options granted during the year whose</b>		
(a)	Exercise price equals market price	Nil
(b)	Exercise price is greater than market price	Nil
(c)	Exercise price is less than market price	110.42
<b>Weighted average fair value of options granted during the year whose</b>		
(a)	Exercise price equals market price	Nil
(b)	Exercise price is greater than market price	Nil
(c)	Exercise price is less than market price	58.88

The weighted average market price of options exercised during the year-

**No options were exercise during the year**

#### IV. Employee-wise details of options granted during the financial year 2016-17 to:

##### (i) Senior managerial personnel :

Name	No. of options granted	Designation
Mr. Amar Sinha	100,000	C.O.O.

##### (ii) Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year

Name	No. of options granted	Designation
Mr. Amar Sinha	100,000	C.O.O.



(iii) Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

Name	No. of options granted	Designation
Nil		

V. **Method and Assumptions used to estimate the fair value of options granted during the year:**  
**The fair value has been calculated using the Black Scholes Option Pricing model**  
**The Assumptions used in the model are as follows:**

Date of grant	Particulars
1. Risk Free Interest Rate	6.52% to 7.02%
2. Expected Life	2.5 to 5.5 years
3. Expected Volatility	35.79% to 41.05%
4. Dividend Yield	0.62%
5. Price of the underlying share in market at the time of the option grant (Rs.)	129.9

Assumptions:

Stock Price: Closing price on National Stock Exchange on the date of grant has been considered.

Volatility: The historical volatility over the expected life has been considered to calculate the fair value.

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Exercise Price: Exercise Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.

<b>VI.</b>	Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	6.05
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**VII.** The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2016 to March 31, 2017 is (1,61,454). If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period April 1, 2016 to March 31, 2017 would be Rs. 9,02,120. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro Forma Adjusted Net Income and Earning Per Share

Particulars	(Amount in Rs.)
Net Income as reported	806,127,587
Add: Intrinsic Value Compensation Cost	(161,454)
Less: Fair Value Compensation Cost	902,120
Adjusted Pro Forma Net Income	805,064,013
Earning Per Share: Basic	
As Reported	6.06
Adjusted Pro Forma	6.06
Earning Per Share: Diluted	
As Reported	6.05
Adjusted Pro Forma	6.05

**ANNEXURE - A-II**  
Form AOC-1

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

**Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**

**Part A Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

There is no Subsidiary of the Company

**Part B Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Rs. in lakhs)

Name of Associates or Joint Ventures	Radico NV Distilleries Maharashtra Ltd.	
1. Latest audited Balance Sheet Date	31.03.2017	
2. Date on which the Associate or Joint Venture was associated or acquired	26.05.2007	
3. Shares of Associate or Joint Ventures held by the company on the year end	<u>Equity shares</u>	<u>Preference Shares</u>
No.	26,59,500	20,00,000
Amount of Investment in Associates or Joint Venture	Rs. 15538.53	
Extent of Holding (in percentage)	Equity – 36%	
4. Description of how there is significant influence	As per Joint Venture and Shareholders Agreement dated 26.5.2007. The day-to-day management for the operations of the Company shall be the responsibility of the Radico Khaitan Limited.	

5. Reason why the associate/joint venture is not consolidated	N.A.
6. Net worth attributable to shareholding as per latest audited Balance Sheet	14962.17
7. Profit or Loss for the year	
i. Considered in Consolidation	5.80
ii. Not Considered in Consolidation	10.32

1. There are no associates or joint ventures which are yet to commence operations
2. There are no associates or joint ventures which have been liquidated or sold during the year.

For and on behalf of Board of Directors

For BGJC & Associates LLP  
Chartered Accountants  
Firm Regn. No.003304N

Dilip K. Banthiya  
Chief Financial Officer

Dr. Lalit Khaitan  
Chairman & Managing Director

Darshan Chhajaj  
Partner  
Membership No.088308  
Place: New Delhi  
Dated: May 23, 2017

Amit Manchanda  
Vice President – Legal &  
Company Secretary

Abhishek Khaitan  
Managing Director

Ajay K. Agarwal  
President (Finance & Accounts) Director



## ANNEXURE - B

**Disclosure in the Board's Report under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014**

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17	<b>Director's Name</b>	<b>Ratio to mean remuneration</b>
		Dr. Lalit Khaitan	90.4:1
		Mr. Abhishek Khaitan	84.9:1
		Mr. Ashutosh Patra	N.A.
		Mr. K.S. Mehta	N.A.
		Dr. Raghupati Singhanian	N.A.
		Mr. K.P. Singh	30.1:1
		Mr. Sarvesh Srivastava	N.A.
		Ms. Shailja Devi	N.A.
(ii)	The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2016-17 compared to 2015-16.	<b>Director's/ CFO/ CEO/ CS/ Manager name</b>	<b>% age increase in remuneration</b>
		Dr. Lalit Khaitan Chairman & Managing Director	6.6%
		Mr. Abhishek Khaitan Managing Director	6.3%
		Mr. K.P. Singh, Director	8.4%
		Mr. Dilip K. Banthiya Chief Financial Officer	7.9%
		Mr. Amit Manchanda Vice President - Legal & Company Secretary	9.8%
(iii)	Percentage increase in the median remuneration of employees in the financial year 2016-17 compared to 2015-16		8.4%
(iv)	Number of permanent employees on the rolls of the Company	<b>As on 31.03.2017</b>	<b>As on 31.03.2016</b>
		1124	1115
(v)	Average percentile increase already made in the salaries of Employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	During 2016-17	During 2015-16
		8.8%	12.63%
		The increase is based on remuneration policy of the company that rewards people based on their contribution to the success of the company and external market competitiveness.	The increase is based on remuneration policy of the company that rewards people based on their contribution to the success of the company and external market competitiveness.

(vi) The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

## ANNEXURE - C

**FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017**

**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**To,  
The Members,  
Radico Khaitan Limited  
CIN: L26941UP1983PLC027278  
Bareilly Road, Rampur  
Uttar Pradesh -244901**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Radico Khaitan Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities ) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares ) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

(vi) Other laws as specifically applicable to the Company:-

- (a) Food Safety and Standards Act, 2006 and Rules and Regulations made thereunder;
- (b) Fire Prevention and Fire Safety Act and Indian Standard Code of practice for selection, installation and maintenance of portable first aid fire extinguishers; and
- (c) The Electricity Act, 2003 and Rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (NSE).



We further report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No change in the composition of the Board of Directors took place during the period under review.

We further report that adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Decisions carried through by the Board do not have any dissenting views and hence no relevant recordings were made in the minutes book maintained for the purpose.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws including Labour Laws and Environmental Laws and Rules, Regulations and Guidelines framed thereunder.

We further report that during the audit period under review, there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc, having a major bearing on the Company's affairs.

**For TVA & CO. LLP**  
**Company Secretaries**

**Tanuj Vohra**  
**Partner**

**Delhi, 26 July, 2017**

**M. No.: F5621, C.P. No.: 5253**

## ANNEXURE - D

### **Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:**

The information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31<sup>st</sup> March 2017 is given here below and forms part of the Directors Report.

#### **A. Conservation of Energy:**

##### **(a) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

1. Power saving through replacement of old tube lights with new LED lights.
2. Power saving through replacement of old sodium lights with new LED high mast lights.
3. In Cogen-II one air compressor for ash handling system stopped by optimization of air usage and change of air consumption cycle.
4. By using in house molasses distillation plant lees, R O Plant feed Temperature increased for better recovery without installation of hot air generator.
5. DM water and steam saving By using Steam condensate of malt plant to prepare mashing water to reduce the DM water requirement as well as steam to prepare and heat up mashing water for extraction of hot juice from barley malt

##### **(b) Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

1. Replacement of old tube lights with new LED lights into collective saving of Rs. 4.40 lakhs.
2. Power saving through replacement of old sodium lights with new LED high mast light into collective saving of Rs. 4.63 lakhs.
3. Power saving through stoppage of one compressor in Cogen-II into saving of Rs. 3.73 lakhs.
4. By using plant lees without installation of hot air generator amount saved approx Rs. 20 lakhs.
5. By using Steam condensate of malt plant to prepare mashing water approx Rs .9.9 lakhs saved

#### **B. Technology absorption:**

##### **Process Improvements & saving:**

1. Installed Destoner & pre-cleaners for process improvement in Grain spirit plant.
2. In place of Direct steam in Rectifier column, Installed PHE / Re-boiler in Grain based Distillation plant for heat recovery & water recovery.
3. Installed clo<sub>2</sub> (Chlorine Di Oxide) generator system in Grain spirit plant cooling towers using spent lees & process condensate as make up water in cooling tower resulting saving of soft water & raw water & saving of Rs. 5.0 lacs / annum.
4. Installed clo<sub>2</sub> generator system in Molasses based plant cooling towers using spent lees & process condensate as make up water in cooling tower resulting saving of soft water & raw water & saving of Rs. 6.0 lacs / annum.
5. Optimizing plant parameters & reduction in DM water Generation quantity for steam generation through recycling of steam condensate from distillation plant, ( Point no. 2 ) increase recycling of spent lees and decrease in DM water, soft water & raw water consumption in process resulted saving of Rs. 28 lacs / Annum.
6. Installed Preheating system in R O feed by waste heat of Distillation spent lees, for improvement in R O Plant performance and saving of about Rs. 50 Lac / Annum.

#### **C Foreign Exchange earning and outgo:**

Particulars of earnings and outgo of foreign exchange are given in Notes on Accounts in Schedule 50.

#### **D Environment Protection:**

**Increase in Bio- Composting Area** – We have increased 2.5 acres bio-composting area & 2.5 acres covered Bio-Composting area in order to facilitate bio-composting in rainy season.

For and on behalf of the Board  
Sd/-

**Dr. Lalit Khaitan**  
Chairman & Managing Director  
DIN-00238222

Place: New Delhi  
Date: 26.07.2017



## ANNEXURE - E

## Segment C: Reporting of Corporate Social Responsibility (CSR) for the Financial Year 2016-17

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	Refer Section: Corporate Social Responsibility (CSR) in the Board's Report. Web-link for CSR Policy: <a href="http://www.radicokhaitan.com/data_pdf/csr_policy.pdf">http://www.radicokhaitan.com/data_pdf/csr_policy.pdf</a> Web-link for projects or programs: <a href="http://www.radicokhaitan.com/investorcentre.html">http://www.radicokhaitan.com/investorcentre.html</a>
2.	The Composition of the CSR Committee	1. Dr. Lalit Khaitan 2. Mr. K.P. Singh 3. Mr. Ashutosh Patra 4. Ms. Shailja Devi
3.	Average net profit of the Company for last three financial years	Rs.10419.02 lacs
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs.208.38 lacs
5.	Details of CSR spent during the financial year:	
	(a) Total amount to be spent for the financial year	Rs.281.63 lacs (including previous year unspent amount of Rs.73.25 lacs)
	(b) Amount unspent, if any;	Rs.139.01 lacs
	(c) Manner in which the amount spent during the financial year is detailed below:	

## Annual Report on CSR Activities (Amount in Rs.)

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) local area or other (2) specify the state & district where projects & programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs: Sub heads:- (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent:- Direct or through implementing agency
1.	Health care and Medical facilities	Health care & Medical	Rampur (U.P.)	2000000	808425	808425	Direct
2.	Promotion of education through skill development programmes linked to employment	Education & Skill development	Rampur (U.P.)	2500000	1169557	1169557	Direct
3.	Environment	Environment Protection	Rampur (U.P.)	2000000	1749566	1749566	Direct
4.	Safe Drinking Water facilities, sanitation, Poverty & Mal Nutrition	Eradicating Extreme hunger, poverty, water and sanitation	Ajeetpur, Rampur (U.P.)	3000000	2870961	2870961	Direct
5.	Rural / Cultural development	Rural / Cultural development	Panwaria and Ajeetpur, Rampur (U.P.)	2000000	442698	442698	Direct
6.	Promotion of sports activities in rural areas	Sports	Ajeetpur, Rampur (U.P.)	3500000	1553329	1553329	Direct
7.	Women's Development	Women's Development	Rampur (U.P.)	3000000	763422	763422	Direct
8.	Social Awareness	Social Awareness	Rampur (U.P.) and Delhi	3000000	1664306	1664306	Direct
9.	Social Service	Social Service	Rampur (U.P.)	2000000	311398	311398	Direct
10.	Rural Development	Rural Development	Rampur (U.P.)	1600000	106456	106456	Direct
11.	Natural Calamities, Arts & Culture, Society upliftment	Other social activities	Delhi, Andhra Pradesh and Rajasthan	3700000	2822000	2822000	Direct
	Grand Total	-	-	28300000	14262118	14262118	-

## ANNEXURE - F

### Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March 2017

**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

#### I. REGISTRATION AND OTHER DETAILS:

- i) CIN: L26941UP1983PLC027278
- ii) Registration Date: 21.02.2003
- iii) Name of the Company: Radico Khaitan Limited
- iv) Category / Sub-Category of the Company - Public Limited Company
- v) Address of the Registered office and contact details:  
Radico Khaitan Limited  
Bareilly Road, Rampur - 244 901 (U.P).
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any

Registered Office:	Delhi Office:
Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B Plot No. 31 & 32, Financial District Nanakramguda, Serilampally Mandal <b>Hyderabad - 500032</b> Toll Free No.18 00 3454 001 Telephone no. 040- 4067161518 Fax No.040-23430814 Email Id: einward.ris@karvy.com	M/s. Karvy Computershare Private Limited 305, New Delhi House 27, Barakhamba Road Connaught Place New Delhi - 110 001. Telephone No. 011- 43681700 Fax No.011-43681710.

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacturing of Alcohol & Alcoholic products	1101	98.5%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	Radico NV Distilleries Maharashtra Limited D-192 to D-195, MIDC Shendra Five Star Industrial Area, Aurangabad - 431 201.	CIN No. U15429MH2000PLC193208	Associate	36%	2 (6)



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
	Demat	physical	Total	% of total No. of shares	Demat	Physical	Total	% of total No. of shares	
<b>A. Promoters</b>									
(1) Indian									
(a) Individual/ HUF	412210	0	412210	0.31	412210	0	412210	0.31	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corporate	53417608	0	53417608	40.15	53417608	0	53417608	40.15	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub total (A) (1):</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.46</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.46</b>	<b>0</b>
(2) Foreign									
(a) NRI individuals	0	0	0	0	0	0	0	0	0
(b) Other individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub total(A) (2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total shareholding of Promoter (A)= (A) (1)+(A)(2)	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.46</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.46</b>	<b>0</b>
<b>B. Public Shareholding</b>									
(1) Institutions									
(a) Mutual Funds/ UTI	19074721	3565	19078286	14.34	15818609	3565	15822174	11.89	-2.45
(b) Banks / FI	168212	2665	170877	0.13	114237	2665	116902	0.09	-0.04
(c) Central Govt.(s)	0	0	0	0	0	0	0	0	0
(d) State Govt.(s)	0	31620	31620	0.02	0	31620	31620	0.02	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIs	30289702	0	30289702	22.77	23758194	0	23758194	17.86	-4.91
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0					
<b>Sub-total (B) (1)</b>	<b>49532635</b>	<b>37850</b>	<b>49570485</b>	<b>37.26</b>	<b>39691040</b>	<b>37850</b>	<b>39728890</b>	<b>29.86</b>	<b>-7.40</b>
<b>2. Non-Institutions</b>									
(a) Bodies Corporate									
(i) Indian	7482007	25215	7507222	5.64	14786376	25215	14811591	11.13	5.49
(ii) Overseas	0	0	0	0	0	0	0	0	0
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh.	12125258	2139938	14265196	10.72	13968335	2078623	16046958	12.06	1.34
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	4329241	0	4329241	3.25	4582300	0	4582300	3.44	0.19
(b) Others (specify)									
Clearing Members	67481	0	67481	0.05	591104	0	591104	0.44	0.39
Pakistani Shareholders	0	5380	5380	0.00	0	5380	5380	0	0

Foreign Bodies	2604000	0	2604000	1.96	2424800	0	2424800	1.82	-0.13
Non Resident Indians	680657	357485	1038142	0.78	673614	344310	1017924	0.77	-0.01
Sub-total (B)(2):-	27110444	2528018	29638462	22.80	37026529	2453528	39480057	29.68	6.88
Total Public Shareholding (B)=(B) (1)+(B) (2)	76643079	2565868	79208947	59.54	76717569	2491378	79208947	59.54	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	130472897	2565868	133038765	100.00	130547387	2491378	133038765	100.00	0.00

## (ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Lalit Kumar Khaitan	234295	0.18	0	234295	0.18	0	0
2	Lalit Kumar Khaitan HUF	41850	0.03	0	41850	0.03	0	0
3	Abhishek Khaitan	86065	0.06	0	86065	0.06	0	0
4	Deepshikha Khaitan	50000	0.04	0	50000	0.04	0	0
5.	Shailaja Finance Ltd.	11491087	8.64	1.39	45379098	34.11	1.66	0
6.	Sapphire Intrex Ltd	33888011	25.47	3.01	0	0.00	0	0
7	Classic Fintrex Pvt. Ltd.	2576100	1.94	0	2576100	1.94	0	0
8	Elkay Fiscal Services Pvt.Ltd.	66000	0.05	0	66000	0.05	0	0
9	Abhishek Fiscal Services Pvt. Ltd.	99050	0.07	0	99050	0.07	0	0
10.	Rampur International Ltd.	5254085	3.95	0	5254085	3.95	0	0
11.	Smita Fiscal Pvt. Ltd.	43275	0.03	0	43275	0.03	0	0
	<b>Total</b>	<b>53829818</b>	<b>40.46</b>	<b>4.40</b>	<b>53829818</b>	<b>40.46</b>	<b>1.66</b>	<b>0</b>

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	Sapphire Intrex Limited (33888011)	25.47%	33888011	25.47%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	07 <sup>th</sup> April 2016 (amalgamation under order of Hon'ble High Court of Calcutta dated 7 <sup>th</sup> April, 2016 with Shailaja Finance Limited)	(25.47)%	33888011	25.47%
	At the End of the year	Sapphire Intrex Limited (0)	0 %	0	0



2.	At the beginning of the year	Shailaja Finance Limited (11491087)	8.64%	11491087	8.64%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	07 <sup>th</sup> April 2016(amalgamation under order of Hon'ble High Court of Calcutta dated 7 <sup>th</sup> April, 2016 with Shailaja Finance limited)	25.47%	33888011	2547%
	At the End of the year	Shailaja Finance Limited (45379098)	34.11%	45379098	34.11%

**(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of Share Holder	No. of Shares at the beginning of the year/ end of the year	% of total shares of the Company	Date	Increase / Decrease in share holding *	Cumulative Shareholding during the Year		
						Reason	No. of Shares	% of total shares of the Company
1.	Reliance Capital Trustee Co. Ltd	13147932	9.88	31.03.2016		Op. Balance	13147932	9.88
				08.04.2016	25000	Purchase	13172932	9.90
				15.04.2016	39400	Purchase	13212332	9.93
				29.04.2016	8043272	Purchase	21255604	15.98
				29.04.2016	8063572	Sale	13192032	9.92
				06.05.2016	16700	Sale	13175332	9.90
				30.06.2016	50000	Purchase	13225332	9.94
				01.07.2016	1000000	Sale	12225332	9.19
				19.08.2016	400000	Purchase	12625332	9.49
				02.09.2016	131728	Purchase	12757060	9.59
				16.09.2016	25000	Purchase	12782060	9.61
				18.11.2016	100000	Purchase	12882060	9.68
				25.11.2016	100000	Purchase	12982060	9.76
				23.12.2016	45900	Purchase	13027960	9.79
				24.02.2017	270000	Sale	12757960	9.59
				31.03.2017		Closing Balance	12757960	9.59
2.	HSBC Global Investment Funds	7741702	5.82	31.03.2016		Op. Balance	7741702	5.82
				12.08.2016	4600000	Sale	3141702	2.36
				19.08.2016	663451	Sale	2478251	1.86
				26.08.2016	36168	Sale	2442083	1.84
				02.09.2016	267070	Sale	2175013	1.63
				16.09.2016	1018882	Sale	1156131	0.87
				23.09.2016	420547	Sale	735584	0.55
				30.09.2016	63489	Sale	672095	0.51
				07.10.2016	672095	Sale	0	0.00
				31.03.2017		Closing Balance	0	0.00

3.	Morgan Stanley Asia (Singapore ) PTE.	5491294	4.13	31.03.2016		Op.Balance	5491294	4.13
				08.04.2016	4453	Purchase	5495747	4.13
				15.04.2016	8725	Sale	5487022	4.12
				22.04.2016	21026	Purchase	5508048	4.14
				29.04.2016	15525	Sale	5492523	4.13
				06.05.2016	1342361	Sale	4150162	3.12
				13.05.2016	6626	Sale	4143536	3.11
				20.05.2016	644237	Sale	3499299	2.63
				27.05.2016	17490	Sale	3481809	2.62
				03.06.2016	3176238	Sale	305571	0.23
				10.06.2016	73665	Sale	231906	0.17
				17.06.2016	44059	Sale	187847	0.14
				24.06.2016	58619	Sale	129228	0.10
				30.06.2016	12150	Sale	117078	0.09
				01.07.2016	4465	Sale	112613	0.08
				08.07.2016	25738	Sale	86875	0.07
				15.07.2016	8022	Sale	78853	0.06
				22.07.2016	14659	Sale	64194	0.05
				29.07.2016	12865	Sale	51329	0.04
				05.08.2016	3215	Sale	48114	0.04
				12.08.2016	24150	Sale	23964	0.02
				19.08.2016	15177	Sale	8787	0.01
				26.08.2016	8787	Sale	0	0.00
				31.03.2017		Closing Balance	0	0.00
4.	Citigroup Global Markets Mauritius Private Limited	0	0.00	31.03.2016		Op. Balance	0	0.00
				19.08.2016	4000000	Purchase	4000000	3.01
				31.03.2017		Closing Balance	4000000	3.01
5	SBI FMCG Fund	3751010	2.82	31.03.2016		Op. Balance	3751010	2.82
				28.10.2016	100000	Sale	3651010	2.74
				04.11.2016	446515	Sale	3204495	2.41
				11.11.2016	453485	Sale	2751010	2.07
				18.11.2016	27344	Sale	2723666	2.05
				02.12.2016	95000	Sale	2628666	1.98
				09.12.2016	386477	Sale	2242189	1.69
				16.12.2016	318934	Sale	1923255	1.45
				30.12.2016	85072	Sale	1838183	1.38
				06.01.2017	1587173	Sale	251010	0.19
				31.03.2017		Closing Balance	251010	0.19
6.	TIMF Holdings	2710697	2.04	31.03.2016		Op. Balance	2710697	2.04
				22.04.2016	450000	Purchase	3160697	2.38
				13.05.2016	1320000	Purchase	4480697	3.37
				20.05.2016	650000	Purchase	5130697	3.86
				03.06.2016	2640000	Purchase	7770697	5.84
				10.06.2016	510129	Purchase	8280826	6.22
				08.07.2016	1012955	Purchase	9293781	6.99
				31.03.2017		Closing Balance	9293781	6.99



7.	BNP Paribas Arbitrage	2510081	1.89	31.03.2016		Op. Balance	2510081	1.89
				16.09.2016	553809	Sale	1956272	1.47
				23.09.2016	128480	Sale	1827792	1.37
				25.11.2016	9949	Sale	1817843	1.37
				02.12.2016	362535	Sale	1455308	1.09
				16.12.2016	31728	Sale	1423580	1.07
				06.01.2017	1421130	Sale	2450	0.00
				31.03.2017		Closing Balance	2450	0.00
8.	Birla Sun Life Trustee Company Private Limited	2156349	1.62	31.03.2016		Op. Balance	2156349	1.62
				31.03.2017		Closing Balance	2156349	1.62
9	Ashish Dhawan	1947356	1.46	31.03.2016		Op. Balance	1947356	1.46
				18.11.2016	217611	Sale	1729745	1.30
				25.11.2016	82762	Sale	1646983	1.24
				02.12.2016	368428	Sale	1278555	0.96
				16.12.2016	82511	Sale	1196044	0.90
				13.01.2017	182127	Sale	1013917	0.76
				20.01.2017	191666	Sale	822251	0.62
				10.02.2017	343696	Sale	478555	0.36
				24.02.2017	3159	Sale	475396	0.36
				31.03.2017		Closing Balance	475396	0.36
10.	Bengal finance & Investment Pvt. Ltd.	0	0.00	31.03.2016		Op. Balance	0	0.00
				11.11.2016	977000	Purchase	977000	0.73
				18.11.2016	700000	Purchase	1677000	1.26
				31.03.2017		Closing Balance	1677000	1.26

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	<b>Dr. Lalit Kumar Khaitan</b>				
	At the beginning of the year	234295	0.18	234295	0.18
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	232495	0.18	232495	0.18

<b>2.</b>	<b>Mr. Abhishek Khaitan</b>				
	At the beginning of the year	86065	0.06	86065	0.06
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	86065	0.06	86065	0.06
<b>3.</b>	<b>Dr. Raghupati Singhania</b>				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	0	0	0	0
<b>4.</b>	<b>Mr. Karna Singh Mehta</b>				
	At the beginning of the year	1500	0.001	1500	0.001
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	1500	0.001	1500	0.001
<b>5.</b>	<b>Mr. Ashutosh Patra</b>				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	0	0	0	0
<b>6</b>	<b>Mr. Sarvesh Srivastava</b>				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	0	0	0	0
<b>7.</b>	<b>Ms. Shailja Devi</b>				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	0	0	0	0



8	<b>Mr. K P Singh</b>				
	At the beginning of the year	5891	0.004	5891	0.004
	Sale of shares on 14.10.2016	5000	0.004		
	At the end of the year			891	0.00
9.	<b>Mr. Dilip Kumar Banthiya</b>				
	At the beginning of the year	27721	0.021	27721	0.021
	Date wise increase / Decrease in Share-holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	27721	0.021	27721	0.021
	At the end of the year				
10.	<b>Mr. Amit Manchanda</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase / Decrease in Share-holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	0	0.00	0	0.00
	At the end of the year				

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Depos- its	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount #	69,645.32	15,498.65	0.00	85,143.97
ii) Interest due but not paid	30.04	88.94	0.00	118.98
iii) Interest accrued but not due	240.46	0.00	0.00	240.46
<b>Total (i+ii+iii)</b>	<b>69,915.82</b>	<b>15,587.59</b>	<b>0.00</b>	<b>85,503.41</b>
Change in Indebtedness during the Financial year:				
• Addition		(+)6,862.51		(+) 6,862.51
• Reduction	(-)12,093.37		0.00	(-)12,093.37
Net Change	(-)12,093.37	(+)6,862.51	0.00	(-) 5,230.86
Indebtedness at the end of the Financial year:				
i) Principal Amount #	57,512.62	22,390.97	0.00	79,903.59
ii) Interest due but not paid	158.86	59.13	0.00	217.99
iii) Interest accrued but not due	150.97	00.00	0.00	150.97
<b>Total (i+ii+iii)</b>	<b>57,822.45</b>	<b>22,450.10</b>	<b>0.00</b>	<b>80,272.55</b>

# Secured Loans, outstanding as on 31.03.2016 Rs.69,645.32 lacs includes ECB Loan of \$ 41.40 mn. valued at Rs.66.3329 per USD, and outstanding as on 31.03.2017 Rs.57,512.62 Lac includes ECB Loan of \$ 25.24 mn. valued at Rs.64.8386 per USD.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in lakhs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Dr. Lallit Khaitan Chairman & Managing Director	Mr. Abhishek Khaitan, Managing Director	Mr. K.P. Singh, Whole Time Director	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	383.34	359.56	159.99	902.89
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24.55	19.89	1.7	46.14
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2.	Stock Option	N.A.	N.A.	N.A.	N.A.
3.	Sweat Equity	N.A.	N.A.	N.A.	N.A.
4.	Commission - as % of profit (.45%) - others, specify...	60.00	60.00	N.A.	120.00
5.	Others - Retiral benefits	30.56	29.22	6.04	65.82
	<b>Total (A)</b>	498.45	468.67	167.73	1134.85
	Ceiling as per the Act	599.11	599.11	599.11	1318.05

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount (Rs.)
		Mr. Ashutosh Patra	Mr. K.S. Mehta	Dr. Raghupati Singhania	Mr. Sarvesh Srivastava	
1.	<b>Independent Directors</b>					
	Fee for attending board / committee meetings	4,10,000/-	1,50,000/-	1,10,000/-	3,50,000/-	10,20,000/-
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	<b>Total (1)</b>	<b>4,10,000/-</b>	<b>1,50,000/-</b>	<b>1,10,000/-</b>	<b>3,50,000/-</b>	<b>10,20,000/-</b>
2.	<b>Other Non-Executive Directors</b>	Ms. Shailja Devi	-	-	-	-
	Fee for attending board / committee meetings	1,35,000/-	-	-	-	1,35,000/-
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	<b>Total (2)</b>	<b>1,35,000/-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,35,000/-</b>
	Total Managerial Remuneration	-	-	-	-	-
	<b>Total (B)=(1+2)</b>	<b>5,45,000/-</b>	<b>1,50,000/-</b>	<b>1,10,000/-</b>	<b>3,50,000/-</b>	<b>11,55,000/-</b>



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:****(Rs. in lakhs)**

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Dilip K. Banthiya, Chief Financial Officer	Mr. Amit Manchanda, Vice President (Legal) & Company Secretary	TOTAL
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	174.02	37.56	211.58
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.10	1.79	2.89
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	N.A.	N.A.	N.A.
2.	Stock Option	N.A.	N.A.	N.A.
3.	Sweat Equity	N.A.	N.A.	N.A.
4.	Commission - as % of profit - others	N.A.	N.A.	N.A.
5.	Others - Retiral Benefits	8.37	2.62	10.99
	<b>Total</b>	<b>183.49</b>	<b>41.97</b>	<b>225.46</b>
	Ceiling as per the Act	N.A.	N.A.	N.A.

**VII. PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority(RD/NCLT/ Court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			None		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			None		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			None		
Compounding					

## COMPANY OVERVIEW

Radico Khaitan Limited ("Radico Khaitan" or the Company) is among the oldest and one of the largest manufacturers of Indian Made Foreign Liquor ("IMFL") in India. Earlier known as Rampur Distillery, Radico Khaitan commenced its operations in 1943 and over the years emerged as a major bulk spirits supplier and bottler to other spirit manufacturers. Driven by the vision of the promoters, in 1998 the Company started its own brands with the introduction of 8PM Whisky. Radico Khaitan is one of the few companies in India to have developed its entire brand portfolio organically. This is a true testament to the Company's R&D strength and understanding of customer preferences. The Company's brand portfolio includes After Dark Whisky, Contessa Rum, Magic Moments Vodka, Morpheus Brandy, Old Admiral Brandy and 8PM Whisky. Currently, the Company has four millionaire brands which are 8PM Whisky, Contessa Rum, Old Admiral Brandy and Magic Moments Vodka. Each of these brands sell more than a million cases per year.

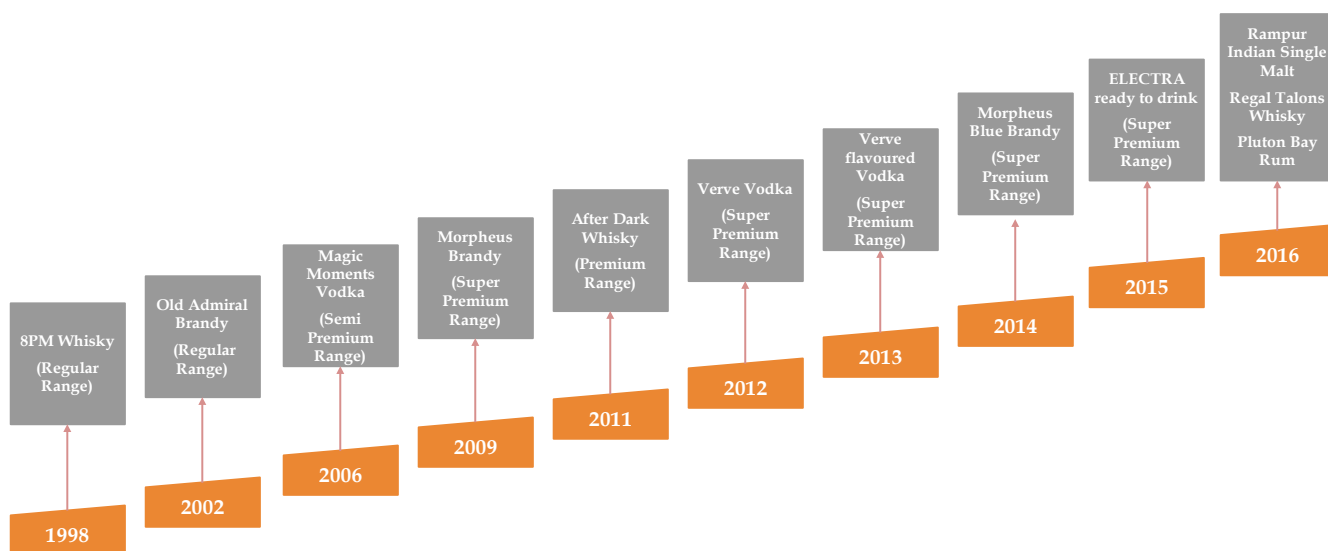
Over the years Radico Khaitan has been focusing on the premiumisation of its portfolio. The Company has launched six new brands in the past five years, all of which are in the premium category. Radico Khaitan is also one of the largest providers of branded IMFL to the Canteen Stores Department (CSD), which has significant business barriers to entry. The Company has three distilleries in Rampur, Uttar Pradesh and

Market Leading Premium Brands	
	<ul style="list-style-type: none"> <li>Launched in 2005, Magic Moments is the market leader in India in the premium vodka category</li> <li>Premium vodka industry in India has grown at a 5 year volume CAGR of 15%</li> </ul>
	<ul style="list-style-type: none"> <li>Launched in 2009, Morpheus Brandy is the market leader in the super premium brandy category</li> </ul>
	<ul style="list-style-type: none"> <li>Launched in 2011, After Dark is well positioned in the fast growing premium whisky segment in India</li> </ul>
	<ul style="list-style-type: none"> <li>Capitalizing on the success of Magic Moments, the Company launched Verve super premium vodka in 2012</li> </ul>
	<ul style="list-style-type: none"> <li>Launched ELECTRA in June 2015 to capture the opportunity in the RTD segment and capitalize on the success on Magic Moments</li> </ul>

one in Aurangabad, Maharashtra which is a 36% joint venture. The Company has a total owned capacity of 157 million litres and operates 28 contract bottling units spread across the country.

## Brand Creation Journey

Within a short span of the launch, Magic Moments created a strong positioning for itself in the fast growing vodka category. Today, Magic Moments leads the Vodka industry in India with over 50% market share.





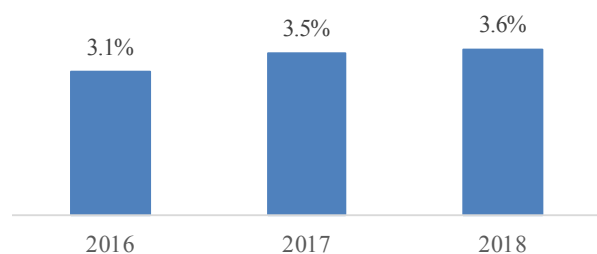
## MACROECONOMIC OVERVIEW

### Global Economy

The world economy recorded a growth of 3.1% during 2016. Although global economic activity remained soft for the major part of 2016, it experienced considerable expansion during the last quarter of the year. The improvement was driven by a rebound in manufacturing activity in the US and with resilient performance in the UK. The performance of the emerging and developing economies remained volatile and uneven across regions during the year. The Indian economy remained on its robust growth trajectory despite the short term impact of policy changes such as demonetization. The Middle Eastern economies remained weak due to declining oil prices and geopolitical uncertainty.

It is anticipated that the global economy will register a growth of 3.5% and 3.6% in 2017 and 2018, respectively. This growth is expected to be driven by a stronger rebound in advanced economies. Amongst these economies, the US is expected to benefit from increasing infrastructure investment and domestic consumption. Furthermore, cyclical recovery in manufacturing and

Global GDP Growth (%)



trade in Europe and Japan will also contribute to the growth of advanced economies. The forecast for emerging markets and developing economies remains weak. In particular, Latin America and the Middle East are expected to be impacted due to oil production cuts and geopolitical factors. However, India is expected to record strong growth due to structural improvement supported by various government initiatives and policy changes.

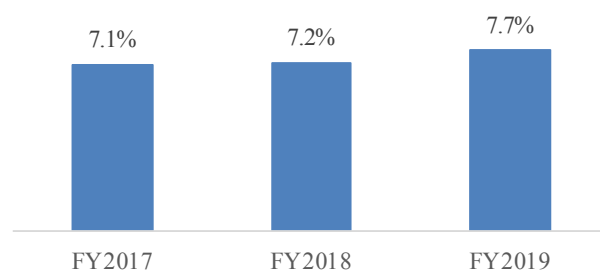
### Indian Economy

Economic activity in India was slow at the start of FY2017 which gradually gained momentum as a result of an improvement in infrastructure investment and a favourable monsoon. However, the pace was temporarily interrupted by the government's demonetisation initiative which impacted consumer spending and was also reflected in the financial performance of corporates. Despite the headwinds, the

Indian economy continued to outperform most of the emerging markets and is projected to register a robust growth of 7.1% in FY2017.

The outlook for the Indian economy continues to be very promising and is anticipated to grow at 7.2% in FY2018 and further accelerate to 7.7% in FY2019. Recent structural reforms such as the Goods and Services Tax (GST) and the banking sector reform are anticipated to provide the impetus to support this

Indian GDP Growth (%)



robust growth in the near term. Although there may be short term implementation challenges, GST is expected to lead to enhanced productivity and growth in GDP by facilitating the ease of doing business in India. Furthermore, this will enhance India's attractiveness as a foreign investment destination.

## INDUSTRY OVERVIEW

### Consumer Sector

A rapidly growing Indian economy, a stable government at the center and economic reforms such as FDI in retail and GST all have provided fresh stimulus to the consumer sector and have strengthened investor confidence. India is expected to become the third largest consumer market globally in the near term. Rapid urbanization, rising affluence and changing consumption patterns towards higher quality and lifestyle products are the key growth drivers. Furthermore, technology has been a key enabler across the entire value chain of the consumer sector from supply chain to delivery of final products to the customer's doorstep. With the largest youth population and other attractive demographic attributes, India is poised for strong growth across the consumer industry.

### Spirits Industry in India

Last financial year was a particularly difficult one for the Indian spirits industry. In addition to the increase in duties & taxes and higher raw material costs without corresponding price increases, the industry faced challenges due to demonetization, state level

prohibitions and the national highway liquor ban. These uncontrollable events in succession led to the slowdown in industry growth, particularly in the regular category volumes. Furthermore, while the

Large Population

1.3 billion

Fast Growing Economy

7.1% FY2017

Young Population

27.6 Years Median

IMFL Volume Growth

2017-21 CAGR: 4.7%

IMFL Value Growth 2017-

21 CAGR: 8.4%

long term dynamics of the industry remain intact. Growing disposable incomes, rapid urbanization, greater acceptance of social drinking and a higher proportion of the young population entering the drinking age, have the cumulative effect of global spirits majors identifying India as one of their top markets.

Traditionally, brown spirits which includes Whisky, Brandy and Dark Rum have been the major contributor (96.6%) towards the overall IMFL sales. During 2016, whisky constituted the largest segment with 60.1% of the sales volumes and 72.5% of the value. Whisky industry volumes increased by 2.7% during the year, whereas value growth was significantly higher at 7.6% compared the last year. White Spirits such as vodka and gin account for 3.4% of the total IMFL volumes. The industry's recent focus on premium brands has enabled manufacturers to identify consumers who have relatively lower price sensitivities that ultimately drive value growth. Single malt scotch and blended scotch are leading the volume growth with 2011-16 CAGR of 13.5% and 15.5%, respectively.

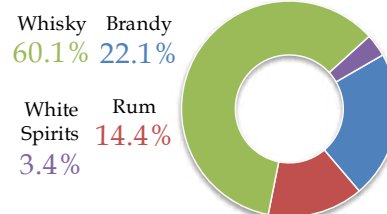
Within the White Spirits category, super premium and premium vodka continued to demonstrate growth with sales for the year at 38 million liters. Over the past five years, where the overall vodka category has registered a compounded growth of 1.0%, the premium vodka volume has grown at 7.0%. Vodka

is broadly positioned as a drink for women and the younger generation, which has led to this strong volume growth. During CY2016, premium and super premium category vodka accounted for about 55.4% of the total vodka volumes compared with around 41.4% five years ago. This trend is expected to continue and the share of premium category vodka is anticipated to increase further. Globally, vodka leads the liquor industry with about 35% market share in value terms compared to about 4.7% in India currently and this highlights a significant growth opportunity. Radico Khaitan is strongly positioned to benefit from this uptrend in the vodka industry in India. Overall Vodka industry volume is expected to grow by 7.6% CAGR and value by 8.2% during CY2017- 2021 period.

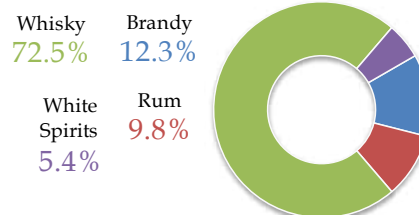
### The Indian Spirits Industry Outlook

IMFL volume is expected to reach 3,268 million liters or 363 million cases in 2021. During the 2017-21 period IMFL sales value is expected to grow at a CAGR of 4.7%. During the same period IMFL industry value is expected to grow by 8.4%. Continued growth in the economy and personal disposable incomes, the rise of the Indian middle class and rapid urbanization will all drive the growth in the spirits industry in India. Mid income consumers are increasingly focused on lifestyle

#### Sales of Spirits by Category (Volume): 2016



#### Sales of Spirits by Category (Value): 2016



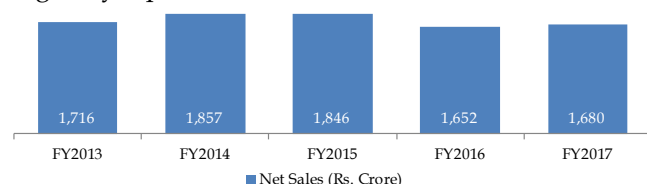
products and mainly interested in quality and branding. India has a young demographic profile with a median age of 27.6 years and around 66% of the population is within the legal drinking age. These two demographic indicators represent significant growth opportunities for the industry. Across India consumers are exposed to global trends and are focused on quality, health and aspirational lifestyle. This consumer group is not only increasing in number but will also become more affluent. They are therefore the target marketing audience for the leading spirits manufacturers, who

are particularly focused on high growth and effective online marketing strategies.

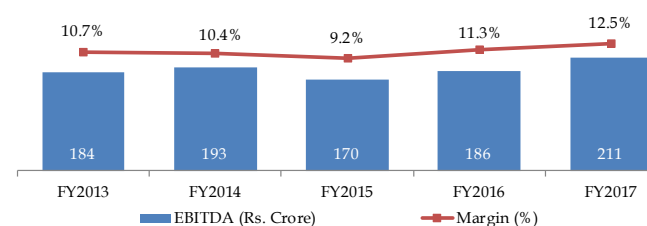
New product development and variants of existing products continued to be one of the key growth strategies for both domestic and multinational spirits companies. There was also a strong focus on understanding India specific consumer preferences. Radico Khaitan's Magic Moments Electra offered spirits based RTD (ready to drink) with a higher alcohol content which was comparable to many of the popular premium beer brands in India. Furthermore, the launch of Electra also addressed the growing trend for cocktails by offering flavors such as Cosmopolitan. New product development in the near term is expected to focus on premiumisation and customization.

### Performance Overview

Net Sales (including CBU sales) increased by 1.7% y-o-y to Rs. 1,680 Crore. This is despite the second half of the year being impacted by a number of operating challenges such as demonetization and the national highway liquor ban.

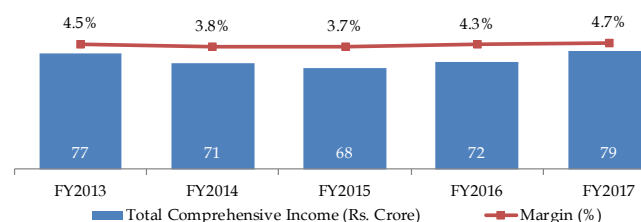


EBITDA increased by 13.3% y-o-y with margins of 12.5%. This increase in EBITDA was after absorbing a 6.9% y-o-y increase in the ENA costs during the year. However, given a favourable monsoon forecast in FY2018 ENA prices are expected to stabilise in the near term. EBITDA during FY2017 included a non-cash profit of Rs. 0.8 Crore on account of foreign exchange fluctuation related to ECBs (compared to a non-cash charge of Rs. 19.8 Crore in FY2016).



Total Comprehensive Income, increased by 10.4% over FY2016. Finance cost during the year reduced by 5.2% to Rs. 80.4 Crore on account of repayment of borrowings. During FY2017, the Company's joint venture in Maharashtra, Radico NV Distilleries Maharashtra Ltd. paid a dividend on its cumulative preference shares. Radico Khaitan received a dividend of Rs. 2 Crore which has been included within Other Income. Radico

Khaitan holds a 36% strategic stake in this joint venture which became debt free in FY2016.



### Liquidity

Radico Khaitan reduced the net debt by Rs. 162 Crore during the year which is in line with the Company's ongoing deleveraging strategy. As of March 31, 2017, Total Debt was Rs. 799.0 Crore, Cash & Cash Equivalents were Rs. 14.1 Crore resulting in Net Debt of Rs. 785.0 Crore (vs. Rs. 947.0 Crore as of March 31, 2016). Total Debt consists of Rs. 550.9 Crore of Working Capital loans and Rs. 248.1 Crore of Long Term loans. During FY2017, the Company reduced the Long Term ECBs from \$41.4 million to \$25.2 million.

### Credit Rating

Radico Khaitan's long term and short term credit facilities are rated by CARE Ratings. Radico Khaitan's long term credit facilities are rated CARE A (Single A; stable outlook) and short term credit facilities are rated CARE A1 (A One).

CARE A rated instruments are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. CARE A1 rated instruments are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

As per CARE, the ratings continue to derive strength from strong nation-wide presence in the Indian Made Foreign Liquor (IMFL) segment, established brands along with consistent growth in scale of operations, healthy profitability margins and comfortable capital structure. However, the ratings continue to remain constrained by working capital intensive nature of operations, cyclicity in raw material prices and the company's presence in a highly regulated industry which exposes it to changes in the state policies regarding pricing and sales of country liquor.

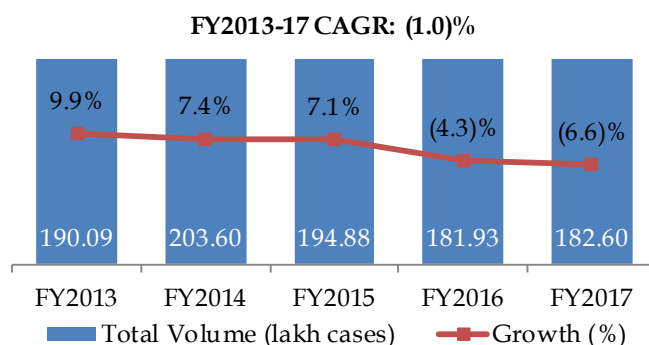
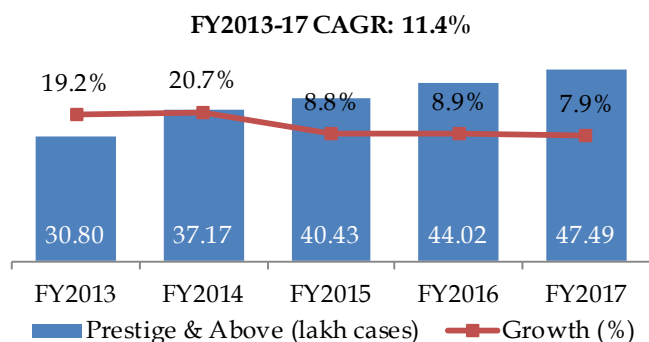
### Segment Wise Performance

The Company has only one major operational business segment encompassing liquor and related products, which accounts for more than 90% of the total turnover of the Company.



## Review of Operations

Despite a very volatile year marked by a number of industry challenges and uncertainties, Radico Khaitan reported an encouraging operating performance. Total IMFL volumes increased by a modest 0.4% compared to the last year primarily driven by robust performance of the Prestige & Above category brands which grew by 7.9% y-o-y. As a percentage of total IMFL volumes, Prestige & Above brands contributed 26.0% compared to 24.2% in FY2016.



## Environment Friendly initiatives at Rampur Plant

During the year, Radico Khaitan installed and commissioned integrated evaporators in the grain spirits plant, which converts the entire thin slop into wet cake that can be sold as cattle fodder. This has helped in bringing down the effluent discharge from grain plant to zero. The Company also installed and commissioned integrated evaporators in the molasses distillation plant resulting in reduction of spent wash generation by approximately 45%. After the effluent is passed through the RO plant, additional 45% effluent volume is reduced and only about 25% of the total effluent is left for bio-composting. Radico Khaitan has also increased the bio-composting area by 7 acres to consume more effluent in bio-composting and has reduced fresh water consumption by recycling process condensate and lees from distillation plants to fermentation.

## Business Strategy

Over the years, Radico Khaitan has evolved from being just a distiller of spirits to a leading IMFL company with a highly reputable brand portfolio. With a deep understanding of consumer preferences, the Company is committed to drive innovation across brand categories and operations. The Company continues to adopt various go-to-market strategies based on complex and rapidly evolving distribution channels.

## R&D and Innovation

Innovation has always been at the heart of Radico Khaitan's business and operations. Its broad product portfolio, successful innovation and unwavering focus on quality has enabled the Company to drive demand for its brands. Investment in innovation enabled the Company to grow its market share for existing products while at the same time capturing new categories and product segments (such as Magic Moments ELECTRA). This focus on innovation coupled with an integrated R&D effort has allowed the Company to adapt to changing consumer trends and ensure top of the mind recall by its customers. Radico Khaitan's wide portfolio across various categories offers its loyal consumers a choice for all occasions and provides an edge over prevailing offerings.

## Cost Optimization

ENA and packaging material form a major portion of the total cost of goods. Radico Khaitan's significant distillation capacity of 157 million litres makes the Company self-dependent for its ENA requirements to a large extent and also provides a cushion against volatility in the ENA prices. The Company has a capacity to store 3 months' equivalent of its molasses requirements. This insulates the Company against short term fluctuations in molasses prices. Radico Khaitan has also taken other steps to optimize cost structure which includes rationalisation of the bottle supplies and diversification of its supplier base thereby limiting the net cost impact.

## Exports and New International Partnerships

Over the years, the Company has made investments in brand building which has created a large consumer base outside India. Radico Khaitan has made outstanding progress in building the brand equity and consumer loyalty in the overseas markets. The Company's Rampur Single Malt whisky is available only in the exports market since the launch and has received very favourable customer feedback. Today, the Company has become a truly global brand and exports its products to over 70 countries worldwide. In FY2017, export volumes in the premium category brands experienced strong growth compared with

FY2016. Export now account for 10% of the total Net sales. Radico Khaitan's products have gained strong foothold across both the developed markets such as the US and Europe and developing economies in Africa and Middle East.

### Supply Chain Management

Radico Khaitan has 28 bottling units spanning across the entire country, of which 5 belong to the Company and 23 are contract bottling units. These widespread manufacturing locations coupled with consumers spread across the country requires it to maintain a comprehensive supply and distribution platform. Radico Khaitan has put in place a robust distribution system that enables the Company to ensure timely delivery of products across channels and geographies. The Company has also evolved its go-to-market strategies to keep pace with the changing dynamics of the market. In addition to a strong sales and distribution network, the Company leverages information technology and advanced demand forecasting to ensure timely delivery of its products to the customers.

The Company's products are sold through over 45,000 retail and 5,000 on-premise outlets. Apart from wholesalers, a total of around 300 employees divided into four zones, each headed by a regional profit centre head, ensure an adequate on-the-ground sales and distribution presence across the country. Radico Khaitan continues to strive to build flexibility across the supply chain to ensure reliable volume deliveries in a timely and cost-effective manner.

### Deleveraging of Balance Sheet

Over the past few years, Radico Khaitan has focused on free cash flow generation and consequent debt reduction. Over the last two years, the Company reduced its Long Term Debt significantly from Rs. 498.3 Crore at the end of FY2014 to Rs. 248.1 Crore currently. During the year, Radico Khaitan reduced net debt by Rs. 162 Crore and expect this trend to continue in FY2018. The Company expects to repay all of its long term borrowings by FY2019.

### Opportunities and Threats

#### Opportunities

**Economic Growth:** The Indian economy has grown at a strong pace in recent years, outperforming most of the emerging markets to become the fastest growing major economy in the world. Indian GDP growth rate is estimated to be around 7.1% in FY2017. As per IMF's World Economic Outlook April 2017, India GDP is expected to grow at 7.2% in CY2017 and then expand by 7.7% in CY2018.

**Favourable Demographics:** India is poised to become the third largest consumer market globally in the near term. Increasing disposable incomes, changing consumption patterns towards lifestyle products and rapid urbanisation will be the key drivers of this growth. India has the youngest age profile among the BRICS nations and major global economies, with a median age of around 27.6 years. Around 66% of the country's population is also within the legal drinking age. These two demographic indicators alone powerfully highlight the growth opportunities for consumer companies in India.

**Changing Consumer Preferences:** Rising affluence is the biggest driver of increasing consumption. Additionally, consumer behaviour and spending patterns are shifting as disposable incomes rise and Indian society evolves with a preference for lifestyle and aspirational brands.

**Increased Alcohol Accessibility and Availability:** There has been an increase in the variety of alcoholic beverages and brands with most of them easily available in government licensed outlets, government shops, private licensed retail chains, restaurants, pubs and bars. The social acceptability of alcohol consumption has improved in India. Furthermore, exposure to lifestyle in advanced economies have changed the consumption patterns among the youth.

**Price Increases:** The Company is focusing on achieving price increases in various regional markets in which it operates. Any price increases achieved will help improve the revenues as well as profitability.

#### Threats

**Change in Legal Drinking Age:** Any government regulation aimed to increase the legal drinking age in India can have an adverse impact on the volume demand of IMFL. However, the consumption at the lower end of the legal drinking age is relatively less and may not have any significant impact on industry volumes.

**Change in Tax:** Taxes on alcohol are levied only by the state governments and account for a large proportion of their tax revenues. Therefore, any significant tax increase can result in higher retail prices, thus impacting overall demand of IMFL. Currently a significant portion of the retail price comprises of various taxes. Although the implementation of GST is expected to streamline the current taxation system, it may have an adverse impact on the spirits industry. The IMFL industry has been kept outside the purview of GST. The industry is liable to pay GST rates on the input materials, which may impact the gross margins.

**Competition from International Players:** As the Country's per capita liquor consumption in India is significantly lower compared to other countries, many international manufacturers are trying to penetrate the Indian market. Furthermore, the ongoing structural changes with the focus on premiumization will allow them to introduce their premium brands in India. Such developments may have a potential impact on the market share of existing players. However, Radico Khaitan has strong brand loyalty among consumers and is committed to provide them with better quality products at relatively lower price points. This provides the Company a competitive edge.

## **Risk and Concerns**

### **Regulatory Environment**

The Indian spirits industry continues to be the most regulated sector in India. The industry is subject to different laws and regulations varying from state to state. The complexity of state regulation makes an intricate tax and licensing environment. It restricts economies of scale and diminishes the capability of new manufacturers and products to achieve national distribution and gain competitive advantage. Furthermore, a ban on direct advertising creates major barriers to promote new as well as existing brands. Recent regulatory changes such as demonetization, state level prohibitions and the national highway liquor ban all had varying degrees of adverse impact on the liquor industry as well as the Company's operations. Any policy formulated by the central or state government in areas such as production, distribution, marketing or taxation may have an adverse impact on the performance of the Company.

### **Increase in Raw Material Prices**

Lower than anticipated sugarcane production and/or any sharp rise in prices of molasses or ENA will have an impact on the Company's profitability. ENA prices may also increase due its alternative use in ethanol blending and a more attractive price offered by the petrochemical industry. However, the Company's capability to shift to a grain based distillery insulates it against any significant increase in prices of molasses.

### **Regional Diversification**

The Company has a manufacturing and distribution presence across the country. Its strategically located manufacturing facilities and distribution centers at various locations provide easy access to key markets. Apart from a nationwide presence, strategic location also helps to avoid the high taxes levied on inter-state movement of finished and in-process liquor. Radico Khaitan's focus on expanding exports will help to further mitigate any potential geographical risk.

## **Foreign Exchange Rate Variations**

Radico Khaitan has a portfolio of foreign currency debt for which it is subject to currency and interest rate risk. The Company has adopted risk management practices to monitor and address its foreign currency exposure. The increasing export portfolio acts as a natural hedge for the Company's foreign currency debt.

## **Awards and Recognitions**

During the year, Radico Khaitan received numerous awards for its leading brands. These awards are a testament to the Company's innovation and quality of products. In the Monde Selection Quality Awards 2017, Magic Moments Remix Flavoured Vodka Peach and Morpheus Brandy received the International High Quality Trophy. This Trophy is awarded for products which have reached a high quality level, Grand Gold or Gold, over three consecutive years. The Company also received a number of other awards at the Monde Selection 2017 including 2 Grand Gold, 12 Gold and 4 Silver awards.

## **Internal Control Systems & Adequacy**

The Companies Act, 2013 emphasizes the need for an effective internal financial control system in the Company which should be adequate and shall operate effectively. Rule 8(5)(viii) of the Companies (Accounts) Rules, 2014 requires the information regarding adequacy of internal financial controls with reference to the financial statements to be disclosed in the Director's report.

Radico Khaitan has an elaborate internal control system commensurate to the size of the Company, nature of its business and complexity of its operations. The internal control system focuses on assessment of business and operational risks, operational controls and compliance with policies and processes. This system continuously monitors compliance to internal processes across the operations to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, that transactions are authorised, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner. Standard operating procedures manuals have been established in all functional areas which are updated regularly.

The internal control system aims to make sure that the business operations function efficiently and applicable laws, rules, regulations and policies of the Company are followed. The internal audit function periodically performs audit of various processes and activities. The Audit Committee reviews the effectiveness of the internal control system, and also invites Directors and senior management personnel to provide periodic updates on



operational effectiveness and controls. A CEO and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee and rectify the same. The Company has appointed Grant Thornton as their internal auditors, which in turn submits quarterly reports to the Audit Committee.

### **Information Technology (IT)**

Over the last few years, the advent of various digital technologies has brought a number of changes to the business environment. Radico Khaitan has also recognised the opportunities presented by such technological changes and has developed a strategy to harness them in order to become a digitally aware consumer company. The Company leverages information technology for efficient management of its business operations, better customer experience, enhancing the supply chain and making the sourcing and supply forecasts more accurate.

The Company regularly monitors the IT system and infrastructure which is useful and relevant to its business and which supports shareholder value through growth, innovation, simplification and efficiency. Currently the Company is focused on the implementation of GST and making the necessary modifications to its ERP systems for being GST ready.

A seamless flow of information across all operations is essential to the success of a consumer products company. At Radico Khaitan, IT is managed through a robust governance process that covers value delivery, cost optimisation, technology management, support and education. The IT systems in the Company forms the backbone for carrying out all the business operations, communication and collaboration. It also provides information for effective decision making, monitoring and management control. IT risk management is addressed by covering all aspects of IT security and business continuity planning.

### **Human Resource Management**

Radico Khaitan's agenda for the year has been to focus on strengthening the harmonisation of the employee compensation policy with its organizational goals, building a robust and diverse talent pipeline and driving greater employee engagement. This is aimed at standardising, agility, transparency and fairness in all of the Company's initiatives. The human resource department is focused on developing, nurturing and professionally growing the employees to achieve their true potential. Radico Khaitan being a consumer driven company, the Company's brands and products

are its biggest assets. However, the Company strongly believes that great brands are built by motivated and inspired employees. Building a consumer focused, performance driven and future ready team enables Radico Khaitan to meet its customer aspirations.

The Company follows an open door policy with its senior management being approachable. All employees have well defined key performance indicators (KPIs), which are aligned to the organizational goals and form the basis of performance evaluation. To enhance employee skills, the Company also provides internal as well as external training to its employees. These programs not only help enhance skills but also workplace productivity. This makes Radico Khaitan truly an employer of choice.

There are no financial or commercial transactions that have resulted in a potential conflict of interest between senior management and the Company. During the fiscal year there has been no loss of production at any of the Company's manufacturing facilities due to industrial unrest.

### **Cautionary Statement**

Statements in this Management Discussion and Analysis contains "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Radico Khaitan's future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Radico Khaitan undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

**For and on behalf of the Board**

**Place: New Delhi**  
**Date: 26.07.2017**

**Dr. Lalit Khaitan**  
**Chairman & Managing Director**  
**DIN: 00238222**

## Report on Corporate Governance

### Company's Philosophy on Corporate Governance:

Corporate Governance is about ensuring transparency, disclosure and reporting that conforms fully to the existing laws of the country and to promote ethical conduct of business throughout organization. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance shareholder value without compromising on compliance of with the laws and regulations.

Your Company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices. Under good Corporate Governance we are committed to ensure that all functions of the Company are discharged in a professionally sound, accountable and competent manner.

The Board of Directors fully supports corporate governance practices and actively participates in overseeing risks and strategic management. The organization views Corporate Governance in its widest sense almost like a trusteeship, a progressive philosophy and ideology ingrained in the corporate culture. The governance processes and systems of your Company have strengthened over a period of time resulting in constant improvisation of sustainable and profitable growth.

The Company has complied with the requirements of the new listing Regulation SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 and listed below is the status with regard to the same.

### BOARD OF DIRECTORS:

#### Composition:

Radico has a broad based Board of Directors, constituted in compliance with the Companies Act, 2013, listing agreements entered with stock exchanges and in accordance with Good Corporate practices. The Board functions either as a full Board or through its Committees constituted to oversee specific operational areas.

The Board of Directors of the Company as on 31<sup>st</sup> March 2017 comprises of eight (8) Directors of which four (4) are Non-Executive / Independent Directors, one (1) is Non-Executive / Non Independent Director (woman director) while three (3) are Executive Directors. The composition of the Board is in conformity with

Clause 49 of the Listing Agreement and Regulation 17 (1) of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 and represents the optimum combination of professionalism, knowledge, experience and consists of eminent individuals from industry, technical, legal and financial areas.

The details of the Directors being re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are mentioned in the Notice to the Annual General Meeting, forming part of the Report. The brief profile of the Board Members is given on the website of the Company ([www.radicokhaitan.com](http://www.radicokhaitan.com)).

### Number of Board Meetings:

During the financial year ended 31<sup>st</sup> March, 2017, five (5) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed 120 days. The dates on which the Board Meetings were held were as follows:

#### Date (s) on which meeting(s) were held

10 <sup>th</sup> May 2016	25 <sup>th</sup> May 2016	17 <sup>th</sup> August 2016	4 <sup>th</sup> November 2016	10 <sup>th</sup> February 2017
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The Board meets at least once in a quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to deliberate on various issues relating to the business of the Company. The tentative annual calendar of Board Meetings for the ensuing year is decided well in advance by the Board and is published as part of the Annual Report.

All the Directors have informed the Company periodically about their Directorship and Membership on the Board / Committees of other companies. As per disclosure received from Director(s), none of the Directors holds Membership in more than ten (10) Committees, Board level Committees and Chairmanship in more than five (5) such Committees.

The details of the composition, nature of Directorship, the number of meetings attended and the directorships in other companies of the Directors of the Company are detailed below. This table also signifies the relationship of the Directors with each other as required to be disclosed in terms of Regulation 17 (1) of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015:

Name of the Director	Nature of Directorship	Relationship with each other	Attendance		Directorship in other Companies (*)	Membership and Chairmanship of the Committees of the Board of other Companies (**)	
			At the Board Meetings	At the last AGM		Committee Member	Committee Chairman
Dr. Lalit Khaitan	Chairman & Managing Director	Father of Mr. Abhishek Khaitan and Ms. Shailja Devi.	5	Leave sought	-	-	-
Mr. Abhishek Khaitan	Managing Director	Son of Dr. Lalit Khaitan and brother of Ms. Shailja Devi	4	Leave sought	-	-	-
Mr. K.P. Singh	Whole Time Director	Not related to any of the Directors	5	Yes	1	-	-
Mr. K.S. Mehta	Non-executive / Independent	Not related to any of the Directors	3	No	3	1	1
Dr. Raghupati Singhania	Non-executive / Independent	Not related to any of the Directors	2	No	8	1	1
Mr. Ashutosh Patra	Non-executive / Independent	Not related to any of the Directors	5	Yes	-	-	-
Mr. Sarvesh Srivastava	Non-executive / Independent	Not related to any of the Directors	5	Yes	-	-	-
Ms. Shailja Devi	Non-executive Non-Independent	Daughter of Dr. Lalit Khaitan and sister of Mr. Abhishek Khaitan	3	No	-	-	-

**Notes:**

(\*) Excludes directorship and committee membership in Radico Khaitan Limited. Also excludes directorship in Private Limited Companies, foreign Companies and companies under Section 8 of the Companies Act, 2013.

(\*\*) For the purpose of considering the limit of the Committee Memberships and Chairmanships of a Director, the Audit Committee and the Stakeholders Relationship Committee of Public Limited Companies have been considered.

**Tenure:**

In Compliance of Section 152 of the Companies Act, 2013 at ensuing Annual General Meeting, except the Chairman & Managing Director and Independent Directors, all other Directors of the Company are liable to retire by rotation. One-third of the said rotational directors are liable to retire every year and if eligible, offer themselves for re-appointment.

**Board Procedures:**

The Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial position of the Company.

The Board Meetings are governed by a structured Agenda. The Agenda along with comprehensive notes and background material are circulated 7 days in advance before each meeting to all the Directors for facilitating effective discussion and decision making. The Board members may bring up any matter for consideration of the Board, in consultation with the Chairman. The information as specified in Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is regularly made available to the Board.

Presentations are made by the Chairman & Managing Director, Managing Director and the Senior Management on the Company's performance, operations, plans and



other matters on a periodic basis. The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes, which are circulated to the Board for perusal within stipulated period under the Companies Act, 2013. The important decisions taken at the Board / Committee meetings are communicated to the concerned departments / divisions.

The Board has complete access to any information within the Company which as specified in Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Independent Directors:**

The Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149 (6) of the Companies Act, 2013 and Rules made thereunder and meet with requirement of Regulation 25 (Obligation with respect to independent Directors) and Regulation 17 (1) of the SEBI (Listing Obligations and disclosure Requirements ) Regulations, 2015 entered into with the Stock Exchanges. A formal letter of appointment to Independent Directors as provided in Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 has been issued and disclosed on the website of the Company viz. [www.radicokhaitan.com/investorcenter.html](http://www.radicokhaitan.com/investorcenter.html)

#### **Familiarisation programme for Directors:**

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same. The Chairman and Managing Director also have one to one discussion with the newly appointed director to familiarize him with the Company's operations. Further, the Company has put in place a system to familiarize the Independent directors about the Company, its products, business and the on-going events relating to the Company.

The familiarization programme as attended by the Independent Directors has been put on the website of the Company at [www.radicokhaitan.com/investorcenter.html](http://www.radicokhaitan.com/investorcenter.html)

#### **Conflict of interests:**

Each Director informs the Company on an annual basis about the Board and the Committee positions he / she

occupies in other companies including Chairmanships and notifies changes during the year. Members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The members of the Board restrict themselves from any discussions and voting in transactions that they have concern or interest.

#### **Pecuniary relationships of transaction with the Company of Non-Executive Directors:**

The Non-executive directors had no pecuniary relationship or transactions with the Company in their personal capacity during the financial year 2016-2017.

#### **Reappointment of Director retiring by rotation/ Reappointment:**

Mr. Abhishek Khaitan, Managing Director, is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer himself for reappointment. His remuneration was approved by the Shareholders in their meeting held on 30.09.2013 for a period of 5 years.

A brief resume of Mr. Abhishek Khaitan, Managing Director, seeking re-appointment in the forthcoming AGM in terms of Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 is given below:

Name	Mr. Abhishek Khaitan
Date of Birth	29.04.1973
Date of Appointment	20.02.2013
Expertise in special functional areas	Industrialist
Qualifications	B.E (I.P.) Bangalore University. Management Diploma from Harvard University
List of outside directorship as on 31 <sup>st</sup> March 2017 (Includes only Listed Companies)	NIL
Chairman / Member of the Committee of other companies as on 31 <sup>st</sup> March 2017	Nil
Relationships between Directors Inter-se	Son of Dr. Lalit Khaitan Brother of Ms. Shailja Devi

A brief resume of Dr. Lalit Khaitan, Chairman & Managing Director, seeking re-appointment in the forthcoming AGM in terms of Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements),

Regulations 2015 is given below:

Name	Dr. Lalit Khaitan
Date of Birth	02.06.1943
Date of Appointment	20.02.2013
Expertise in special functional areas	Industrialist
Qualifications	B. Com. Management Diploma from Harvard University
List of outside directorship as on 31 <sup>st</sup> March 2017 (Includes only Listed Companies)	Nil
Chairman / Member of the Committee of other companies as on 31 <sup>st</sup> March 2017	Nil
Relationships between Directors Inter-se	Father of Mr. Abhishek Khaitan Father of Ms. Shailja Devi

A brief resume of Mr. K.P. Singh, Whole Time Director, seeking re-appointment in the forthcoming AGM in terms of Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 is given below:

Name	Mr. K.P. Singh
Date of Birth	01.01.1952
Date of Appointment	20.02.2013
Expertise in special functional areas	Production
Qualifications	B.Sc. & DIFAT
List of outside directorship as on 31 <sup>st</sup> March 2017 (Includes only Listed Companies)	Nil
Chairman / Member of the Committee of other companies as on 31 <sup>st</sup> March 2017	Nil
Relationships between Directors Inter-se	N.A.

#### Committees of the Board:

Currently, there are eight (8) Committees of the Board, namely: Audit Committee, Nomination and Remuneration Committee, Stakeholder's Relationship Committee, ESOP Compensation Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee, Committee of Independent Directors and Committee of Directors. The Board has decided the terms of reference for these Committees.

The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance etc. of Committees mandatory under the Companies Act and listing agreement are provided hereunder.

#### Audit Committee:

##### Composition and terms of reference

As on date, the Audit Committee comprises of three (3) Independent, Non-executive Directors. The members of the Audit Committee are Mr. Sarvesh Srivastava (Chairman of the Committee), Dr. Raghupati Singhania and Mr. Ashutosh Patra. All Members of the Audit Committee are financially literate and bring in expertise in the fields of finance, taxation, economics, industry and risk.

The Audit Committee invites the Chairman & Managing Director, Managing Director, Chief Financial Officer and the Company Secretary, Statutory Auditor(s) and Internal Auditor and Cost Auditors to attend the meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee. The minutes of each Audit Committee meeting are placed and discussed at the next meeting of the Board.

The scope of activities and terms of reference of the Audit Committee is in accordance with Regulation 18 and Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The details as to the date(s) on which the meetings were held and attendance of the Committee members during the financial year ended 31<sup>st</sup> March, 2017 are as follows:

Date(s) on which the meeting(s) were held				
10 <sup>th</sup> May 2016	25 <sup>th</sup> May 2016	17 <sup>th</sup> August 2016	4 <sup>th</sup> November 2016	10 <sup>th</sup> February 2017
Name	Position	Category	Meeting details	
			Held	Attended
Mr. Sarvesh Srivastava	Chairman	Non-Executive Independent	5	5
Dr. Raghupati Singhania	Member	Non-Executive Independent	5	2
Mr. Ashutosh Patra	Member	Non-Executive Independent	5	5

**The role of the Audit Committee inter alia includes the following:**

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service.
3. Recommending to the Board of Directors, the appointment of Cost Auditor for the Company.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report as per Section 134 of the Companies Act, 2013;
  - b. Changes in the Accounting policies and practices and the reasons for the same, major accounting entries and significant adjustments made in the financial statements arising out of audit findings;
  - c. Compliance with listing and other legal requirements relating to financial statements;
  - d. Disclosure of any related party transactions; and
  - e. Qualifications in the draft audit report, if any.
5. Reviewing with management quarterly, half yearly, nine-months and annual financial statements, standalone as well as consolidated before submission to the Board for approval.
6. Reviewing with the management performance of statutory and internal auditors.
7. Discussion with the internal auditors, cost auditor on any significant findings and follow-up thereon.
8. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Reviewing reports furnished by the internal auditors and statutory auditors and ensuring suitable follow-up thereon.

10. Reviewing the Company's financial and risk management policies, forex policy, management discussion and analysis, significant related party transactions.
11. Reviewing with the management and the Statutory Auditors anticipated changes in the Accounting Standards.
12. Review of the Vigil Mechanism and Whistle Blower mechanism of the Company;
13. The Audit Committee has power to investigate any activity within its terms of reference, to seek information from employees and to obtain outside financial and legal advice; and
14. Any other matter referred to by the Board of Directors.

Apart from the above, the Company has an internal audit team, headed by Mr. Mukesh Agarwal, who reports to the Chief Financial Officer and the Audit Committee. From time to time, the Company's adequacy of internal controls covering financial, operational, compliance, IT applications, etc., are reviewed by the Internal Audit team and presentations are made to the Audit Committee on the findings of such reviews. The Audit Committee, inter alia, reviews the adequacy of internal audit function and the internal audit reports including those related to internal control weaknesses. The Company Secretary acts as Secretary to the Audit Committee as required by Regulation 18 (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

**Nomination and Remuneration Committee:**

**Composition and terms of reference:**

As on date, the Nomination and Remuneration Committee comprises of three (3) Directors, viz., Dr. Raghupati Singhania (Chairman of the Committee), Mr. K.S. Mehta and Mr. Ashutosh Patra. The Committee's terms of reference includes reviewing and recommending to the Board the salary, commission, other benefits, service agreements and employment conditions of the Whole-time and the Managing Director and to approve the selection, appointment and remuneration of relatives of Directors for holding an office or place of profit pursuant to Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Meeting and Attendance:**

The Nomination and Remuneration Committee met two (2) times during the year on 10.5.2016 and 9.2.2017.



The necessary quorum was present for the meeting. The Table below provides the attendance of the Nomination and Remuneration Committee members:

Sl. No.	Name	Position	Category	No. of Meeting attended
1.	Dr. Raghupati Singhania	Chairman	Non-Executive Independent	0 of 2
2.	Mr. Ashutosh Patra	Member	Non-Executive Independent	2 of 2
3.	Mr. K.S. Mehta	Member	Non-Executive Independent	2 of 2

#### Terms of reference:

The Board has framed the Remuneration and Nomination Committee Charter which ensures effective compliance of Section 178 of the Companies Act, 2013 and Regulation 19 and part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board has clearly defined terms of reference for the Remuneration and Nomination committee, which are as follows:

1. Reviewing the overall compensation policy, service agreements and other employment conditions of Managing / Whole-time Director(s) and Senior Management (one level below the Board);
2. to help in determining the appropriate size, diversity and composition of the Board;
3. to recommend to the Board appointment / re-appointment and removal of Directors;
4. to frame criteria and determining qualifications, positive attributes and independence of Directors;
5. to recommend to the Board remuneration payable to the Directors (while fixing the remuneration to Executive Directors the restrictions contained in the Companies Act, 2013 is to be considered);
6. to create an evaluation framework for Independent Directors and the Board;
7. to provide necessary reports to the chairman after the evaluation process is completed by the Directors;
8. to assist in developing a succession plan for the Board;

9. to assist the Board in fulfilling responsibilities entrusted from time to time;

10. delegation of any of its powers to any Members of the Committee or the Compliance Officer.

#### Details of remuneration to all the Directors in the Financial Year 2016-17:

The Remuneration Committee decides the remuneration payable to the Chairman & Managing Director, Managing Director, Whole Time Director and Key Managerial Personnel's, considering the performance of the Company and their achievements against objectives as set out by the Remuneration Committee and approved by the Board and industry standards. The remuneration structure comprises of salary, perquisites, commission, etc. Annual increments are decided by the Remuneration Committee and recommend to the Board, within the limits mentioned in the contract and as approved by the shareholders. No severance is payable to them on termination of employment.

Executive Directors: -

(Rs. in lacs)

Sl. No.	Name of director	Salary	Commission	Perquisites and allowances	Retiral benefits*	No. of Stock options	Tenure
1.	Dr. Lalit Khaitan	383.34	60 lacs	24.56	30.56	NIL	5 Years
2.	Mr. Abhishek Khaitan	359.56	60 lacs	19.89	29.22	NIL	5 Years
3.	Mr. K.P. Singh	159.99	NIL	1.70	6.04	NIL	5 Years

\* Contributions to Provident Fund and Superannuation Fund.

#### **Non Executive Directors\*:**

Sl. No.	Name	Sitting Fees (in Rs.)
1.	Mr. K.S. Mehta	1,50,000/-
2.	Mr. Ashutosh Patra	4,10,000/-
3.	Dr. Raghupati Singhania	1,10,000/-
4.	Mr. Sarvesh Srivastava	3,50,000/-
5.	Ms. Shailja Devi	1,35,000/-

\*Non executive directors were paid sitting fees

of Rs.40,000/- for attending each meetings of the Board and Rs.15,000/- for Committees thereof and reimbursement of local conveyance.

Non executive directors were not paid any amount by way of salary, perquisites and other benefits including stock options except the above mentioned sitting fees.

The Company has adopted remuneration criteria for Non Executive Directors in compliance with Regulation 46(2)(f) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015. Criteria for making payment to Non Executive Directors is available on our website i.e. [www.radicokhaitan.com](http://www.radicokhaitan.com)

#### **Performance evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman and Managing Director and the Non-Independent Directors was carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

#### **Stakeholder's Relationship Committee:**

The Board of Directors of the Company has constituted the Stakeholder's Relationship Committee which is chaired by a Non-Executive Director / Independent Director to specifically look into the redressal of shareholders queries and complaints.

The details as to the composition of the Stakeholder's Relationship Committee previously named as Shareholders' Grievances Committee, date(s) on which the meetings were held and the attendance of the members of the Committee during the financial year ended 31<sup>st</sup> March, 2017 are as follows:

Date(s) on which the meeting(s) were held	
10 <sup>th</sup> May, 2016	4 <sup>th</sup> November 2016
17 <sup>th</sup> August 2016	10 <sup>th</sup> February 2017

Name	Position	Category	Meeting details	
			Held	Attended
Mr. Ashutosh Patra	Chairman	Non-Executive Independent	4	4
Mr. Sarvesh Srivastava	Member	Non-Executive Independent	4	4
Mr. K.P. Singh	Member	Executive	4	4

The terms of reference of the Committee include the following:

1. To specifically look into queries and complaints received from the shareholders, Lenders and other stakeholders of the Company.
2. To oversee the performance of the Registrar and Transfer Agent of the Company and
3. To recommend measures for overall improvement in the quality of services to the investors.
4. To fix record date / book closure of share / debenture transfer book of the Company from time to time.

#### **Name and Designation of the Compliance Officer:**

Mr. Amit Manchanda  
Vice President - Legal &  
Company Secretary  
Radico Khaitan Limited  
Plot No. J-1, Block B-1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi - 110 044.  
Tel. Nos.40975400/444/500/555, Fax Nos.41678841-42  
Email: [info@radico.co.in](mailto:info@radico.co.in)

Details pertaining to the number of complaints received and responded and the status thereof during the financial year ended 31<sup>st</sup> March, 2017 are given as follows:

Nature of Complaints	Received during the year
Non-receipt of Dividend warrants	123
Non-receipt of Share Certificate(s) lodged for transfer / splitting of the share certificates etc.	210
Letters received from Stock Exchange(s) / SEBI	1
Others/Miscellaneous	539
<b>Total</b>	<b>873</b>

All the aforesaid complaints were responded to by the Company appropriately and there were no pending complaints at the end of the financial year 2016-2017.

All the requests, queries and complaints received during the financial year ended 31<sup>st</sup> March, 2017, were duly addressed and no queries are pending for resolution on that date.

The Company provided Shareholder services in the following time frame:

Sl. No.	Nature of Query	No. of days for disposal
1.	Share Transfers	15 days
2.	Demat of Shares	15 days
3.	Dividend revalidation / issue of Dividend Drafts	7 days
4.	Change of Address/ Bank Mandate	2 days
5.	General queries	2 days

#### Corporate Social Responsibility (CSR) Committee:

Pursuant to Section of the Companies Act, 2013, the Board of Directors in their meeting held on 30<sup>th</sup> May 2014 constituted CSR Committee comprises of four (4) Directors. The Members of the Committee are Dr. Lalit Khaitan, Mr. K.P. Singh, Mr. Ashutosh Patra (Independent Director) and Ms. Shailja Devi.

The purpose of the Committee is to formulate and monitor the CSR Policy of the Company and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The Committee monitors and gives guidance on various CSR activities to be undertaken by the Company. The constitution of CSR Committee and the CSR Policy of the Company is available on our website i.e. [www.radicokhaitan.com](http://www.radicokhaitan.com)

#### Meeting and Attendance:

The CSR Committee met during the year on 04.11.2016. The necessary quorum was present for the meeting. The Composition of the CSR Committee as at March 31, 2017 and the details of meeting of the Committee are as under:

Sl. No.	Name	Position	Category	No. of Meeting attended
1.	Dr. Lalit Khaitan	Chairman	Executive	1 of 1
2.	Mr. K.P. Singh	Member	Executive	1 of 1
3.	Mr. Ashutosh Patra	Member	Non-Executive Independent	1 of 1
4.	Ms. Shailja Devi	Member	Non-Executive Non Independent	1 of 1

#### Subsidiary Companies:

During the year under review, the Company did not have any subsidiary as defined under 2 (ZM) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Independent Directors' Meeting:

During the year under review, the Independent Directors met on 10.2.2017, inter alia, to discuss:

- (1) The Board is not doing the things what is required to be done.
- (2) The Board is doing something which it is not required to be done.
- (3) Certain things which the Board is doing, but it can do better.
- (4) Roles of responsibilities of each of Independent Directors and expectations from one to another.
- (5) Expectations from the Promoters.
- (6) Promoters need to provide an environment under which all Members are able to perform.
- (7) Any terms and difference between the Independent Committee Members.

All Independent Directors were present for this Meeting.

#### CEO / CFO Certification:

As stipulated under Regulation 17(8) and Part B of Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, the CEO / CFO Certificate for the financial year 2016-17 and Regulation 33 (2) (a) of Chapter IV of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, for all the quarters signed by Mr. Abhishek Khaitan, Managing Director as CEO and Mr. Dilip K Banthiya, CFO was placed before the Board of Directors at their meeting of the respective quarters.



## General Body Meetings:

The venue and time of the last three Annual General Meetings of the Company are as follows:

Year	Location	Meeting Date	Time	No. of special resolutions set out at the AGM
2015-2016	Rampur Distillery Bareilly Road Rampur - 244 901 (U.P.)	11 <sup>th</sup> July 2016	1.00 P.M.	Nil
2014-2015	Rampur Distillery Bareilly Road Rampur - 244 901 (U.P.)	30 <sup>th</sup> September 2015	1.00 P.M.	Nil
2013-2014	Rampur Distillery Bareilly Road Rampur - 244 901 (U.P.)	30 <sup>th</sup> September 2014	1.00 P.M.	3

All special resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority. There is no Resolution passed through postal ballot.

## Disclosures:

### 1. Disclosures on materially significant related party transactions:

Your Company has not entered into any materially significant related party transaction that may have potential conflict with interest of the listed entity at large.

Your Company has not entered into any transaction of material nature except transactions with related parties which are furnished under Notes to the Financial Statements as stipulated under Accounting Standard 18 (AS-18), with the Promoters, their subsidiaries or relatives, Directors or the Management, etc. All transactions were carried out on an arms-length basis and were not prejudicial to the interest of the Company.

The Company's Policy on Related Party Transactions has been duly approved by the Board in its meeting dated 5.2.2016 and uploaded on its website at [www/radicokhaitan.com](http://www/radicokhaitan.com)

### 2. Details of non-compliance(s) by the Company:

The Company has complied with all the requirements of the Stock Exchange(s) and the

Securities Exchange Board of India on matters related to Capital Markets or any other matter, as may be applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

### 3. Disclosure of Accounting Treatment:

The Company follows Accounting Standards prescribed by the Companies (Indian Accounting Standard) Rules, 2015 and relevant provisions of the Companies Act, 2013. In preparation of financial statements, the Company has not adopted a treatment different from what is prescribed in the Indian Accounting Standards. The financial statements for the year have been prepared in accordance with and in compliance of Schedule III of the Companies Act, 2013.

### 4. Details of compliance with mandatory and non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Your Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Following is the status of the compliance:

#### a) Audit Qualifications:

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

#### b) Whistle Blower Policy / Vigil Mechanism Policy:

The Board of Directors in their meeting held on 30<sup>th</sup> May 2014 approved and adopted a Vigil Mechanism Policy with an objective to provide Employees and Business Associates a framework and to establish a formal mechanism or process whereby concerns can be raised in line with the Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication. Radico endeavours to provide its employees a secure and fearless working environment, they are free to report any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. A copy of the policy is placed on the internal server and on the website of the company i.e. [www.radicokhaitan.com](http://www.radicokhaitan.com)

No personnel have been denied access to the Audit Committee.

**c) Sexual Harassment Policy:**

Your Company has adopted a Sexual Harassment Policy with an objective to ensure a protective and equal platform for working of women in the organization. From time to time information is provided to the women employees to feel empowered and work in free environment.

**d) Code of Conduct:**

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of the Company in accordance with the requirement under SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct has been posted on the website of the Company [www.radicokhaitan.com](http://www.radicokhaitan.com). All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31<sup>st</sup> March, 2017.

**e) Unclaimed Suspense Account:**

The Company has transferred 4615 numbers of unclaimed shares to the respective shareholders from the unclaimed suspense account. Details of transfer are as under:

- (i) Outstanding shares lying in the unclaimed suspense account at the beginning of the year: 854592
- (ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: 8.
- (iii) Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year: 8.
- (iv) Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year: 2552 and 849977.
- (v) Voting rights on the shares lying in the unclaimed suspense account shall remain frozen till the rightful owner of such shares claims the shares.

At the beginning of the financial year, there was no investor complaint that was unresolved. During the year, the company received 1 investor complaints, all of which were resolved and as such there was no unresolved investor complaint as at 31<sup>st</sup> March 2017.

**f) Secretarial Audit:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company had appointed M/s. TVA & Co. LLP, Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for FY 2016-17 is annexed, which forms part of the Directors Report as Annexure - C. There were no qualifications, reservation or adverse remarks in the Secretarial Audit Report of the Company.

**g) Share Dealing Code:**

Comprehensive guidelines advising and cautioning the Management and staff on the procedure to be followed while dealing with the shares of the Company are in place, in light of The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct and corporate disclosure practices framed by the company helps in ensuring compliances with the said Regulations. The code prescribes the detailed procedures and guidelines to be adopted while dealing in the securities of the Company. The code is applicable to all directors, senior employees and their dependants. The said persons are prohibited from dealing in the securities of the Company during the restricted trading periods notified by the Company, from time to time and whilst in possession of any unpublished price sensitive information relating to the securities of the Company.

**Means of Communication:**

- a) Quarterly/Half-yearly/Nine-months and Annual Audited Financial Results of the Company are published in the Business Standard, Delhi and Mumbai editions and Hindustan, Moradabad edition.

### Quarterly results taken on record and published in the newspapers during 2016-2017:

Quarter ended	Date of Board Meetings	Date of Publication in Newspapers	
		Business Standard (English) New Delhi edition	Hindustan (Hindi) Moradabad edition
30 <sup>th</sup> June, 2016	17.08.2016	18.08.2016	18.08.2016
30 <sup>th</sup> September, 2016	04.11.2016	05.11.2016	06.11.2016
31 <sup>st</sup> December, 2016	10.02.2017	11.02.2017	11.02.2017
31 <sup>st</sup> March 2017	23.05.2017	24.05.2017	24.05.2017

- b) The results of the Company are also posted up on the Company's corporate website: [www.radicokhaitan.com](http://www.radicokhaitan.com). The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website. Management Discussions and Analysis forms part of this Annual Report, which is also being posted to all the Members of the Company.
- c) All important information pertaining to the Company is also mentioned in the Annual Report of the Company which is circulated to the members and others entitled thereto for each financial year.
- d) Your Company provides necessary information to the Stock Exchanges in terms of the Listing Regulation and other rules and regulations issued by the Securities Exchange Board of India.

### Green initiative in Corporate Governance:

Pursuant to Circular No. 17/2011 dated 21st April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their e-mail addresses with the Company.

Your Company encourages the shareholders to register their e-mail addresses with the Company or its Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited., by sending a letter signed by the shareholders on addresses given below and intimate changes in the e-mail address from time to time.

### Radico Khaitan Limited

Plot No.J-1, Block B-1  
Mohan Co-operative Industrial Area, Mathura Road,  
New Delhi - 110 044.  
Tel. No.+91 11 40975400/444/500/555  
Fax No.+91 11 41678841-42  
Email:info@radico.co.in

### M/s. Karvy Computershare Private Limited

#### Registered Office:

Karvy Selenium Tower B, Plot number 31 & 32,  
Gachi Bowli,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad - 500032, Telangana  
Ph. : +91 040 6716 1518  
[www.karvycomputershare.com](http://www.karvycomputershare.com)  
Toll Free No.18 00 3454 001  
Fax No.040-23430814  
Email Id: einward.ris@karvy.com

#### Delhi Office:

305, New Delhi House, 27, Barakhamba Road,  
Connaught Place, New Delhi - 110 001.  
Telephone No. 011- 43681700  
Fax No.011-43681710.

The Company has complied with the corporate governance requirements as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation(2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



## General Shareholder Information

### a) Company Registration details:

The Company is registered in the State of Uttar Pradesh, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L26941UP1983PLC027278.

### b) Date, time and venue of the 33<sup>rd</sup> Annual General Meeting:

Friday, 29<sup>th</sup> September 2017 at 1.00 p.m. at Rampur Distillery, Bareilly Road, Rampur – 244 901, Uttar Pradesh.

### c) Financial Year:

Company follows the Financial Year beginning from 1<sup>st</sup> April of every year and ends on 31<sup>st</sup> March of the next subsequent year.

### d) Dividend payment date:

Dividend payout date has been provided in the Notice convening the AGM sent along with this Annual Report.

### e) Listing on Stock Exchanges:

The Company's securities are listed on the following stock exchanges:

Name of Stock Exchange	Address	Code
Bombay Stock Exchange Ltd. (BSE)	Floor 25, P.J. Towers Dalal Street, Mumbai – 400 001.	532497
National Stock Exchange of India Ltd. (NSE)	Exchange Plaza, 5 <sup>th</sup> Floor Plot no.C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051.	RADICO

The Company has paid the listing fees for the financial year 2017-18 to the stock exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2017-18 to National Securities Depository Limited (NSDL) and Central

Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is INE944F01028.

### f) Stock price data:

The monthly high and low prices and volumes of your Company's shares at BSE and NSE for the year ended 31<sup>st</sup> March, 2017 are given as follows:

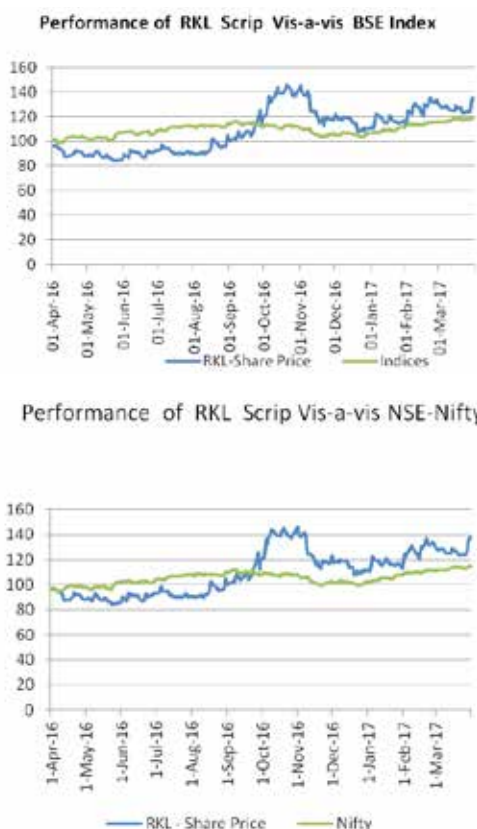
Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
2016 April	98.00	87.00	551622	97.90	87.00	3348609
May	95.25	84.00	19,34,421	95.40	83.80	5045082
June	96.85	85.15	22,77,375	97.50	85.15	7494537
July	100.25	89.00	7,37,195	100.00	89.05	3263841
August	106.65	84.50	20,11,297	106.50	83.55	16766228
September	131.15	99.30	61,05,436	131.10	99.05	30962780
October	150.40	116.00	54,35,588	150.40	115.85	27939375
November	151.00	110.10	29,03,874	148.80	110.35	16198415
December	126.25	105.95	14,34,706	126.70	105.50	7897989
2017 January	126.55	108.15	23,82,651	126.45	110.00	12548143
February	142.50	110.60	33,97,335	142.75	110.50	22631640
March	141.20	120.80	15,95,985	141.10	121.50	10471223

Note: High and low are in Rupees per traded share. Volume is the total monthly volume of trade in Radico Khaitan's shares on BSE and NSE.

The Chart below shows the comparison of your Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex for the year 2016 -17 (based on month end closing).

The shares of the Company are traded in the B category at BSE and are also actively traded on NSE.

Performance of the share price of the Company in comparison to BSE Sensex and NSE Nifty:



**g) Registrar and Transfer Agent:**

Karvy Computershare Private Limited is the Registrar and Transfer Agent of the Company.

Shareholders, beneficial owners and depository participants (DPs) are requested to send/ deliver the documents/ correspondence relating to the Company's share transfer activity etc. to Karvy Computershare Private Limited, Registrar and Transfer Agent of the Company at the following address:

<b>Registered Office:</b> M/s. Karvy Computershare Private Limited Karvy Selenium Tower B, Plot number 31 & 32, Gachi Bowli, Financial District, Nanakramguda, Serilingampally Mandal Hyderabad - 500 032, Telangana. Toll Free No.18 00 3454 001 Telephone No. 040 6716 2222 Fax No.040-23001153 Email Id: einward.ris@karvy.com	<b>Delhi Office:</b> M/s. Karvy Computershare Private Limited 305, New Delhi House 27, Barakhamba Road Connaught Place New Delhi - 110 001. Telephone No. 011- 43681700 Fax No.011-43681710.
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For the benefit of shareholders, documents will continue to be accepted at the following registered office of the Company:

Rampur Distillery  
Bareilly Road  
Rampur - 244 901 (U.P.)  
Tel. No.0595-2350601-02  
Fax No.0595-2350009  
Email: info@radico.co.in

**h) Registered Office:**  
Bareilly Road, Rampur - 244 901, Uttar Pradesh.

**i) Website:**  
www.radicokhaitan.com

**j) E-mail ID for Investor's Grievances:**  
info@radico.co.in

The above exclusive e-mail id is disclosed by the Company on its website and all the various material correspondence, publications and communication to the shareholders at large.

**k) For the year ending 31<sup>st</sup> March, 2018, quarterly financial results will be announced as per the tentative schedule detailed below:**

Not later than 15 <sup>th</sup> August 2017	First Quarter
Not later than 15 <sup>th</sup> November 2017	Second Quarter and Half Yearly
Not later than 15 <sup>th</sup> February 2018	Third Quarter and Nine Months
Not later than 30 <sup>th</sup> May 2018	Fourth Quarter and Annual

**l) Date of Book Closure:**

Book Closure dates have been provided in the Notice convening the AGM forming part of this Annual Report.

**m) Share transfer system:**

The share transfer activities in respect of the shares in physical mode are carried out by the Company's Registrar and Share Transfer Agent (RTA). The Shares lodged for transfer are processed and returned within the stipulated time. The applications and requests received by your Company for transfer of shares held in physical form are processed and the share certificates for the same are sent to the transferee within the stipulated period under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015. The Board of Directors of the Company have delegated the authority to approve the transfer of shares, transmission of shares or requests for deletion of name of the shareholder, etc., as mentioned in Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 to the designated officials of

the Company. The transactions in respect of issue of duplicate share certificates, split, rematerialisation, consolidation and renewal of share certificates are approved by the Stakeholders Relationship Committee.

A summary of all the transfers, transmissions, deletion requests, etc., are placed before the Board of Directors from time to time for their review.

**n) DISTRIBUTION OF SHAREHOLDINGS:**

The distribution of shareholding of the Company as on 31<sup>st</sup> March, 2017 is as follows:

Sl. No.	Category of Shareholders	Total No. of Shares	% of Total no. of Shares
1.	Promoters	53829818	40.46
2.	Mutual Funds	15822174	11.89
3.	Banks, Indian Financial Institution	116902	0.09
4.	FII's	26188374	19.68
5.	Private Corporate Bodies	11825127	8.89
6.	Indian Public	24206826	18.20
7.	NRI's/OCBs	1017924	0.77
8.	State Government	31620	0.02
	<b>Total</b>	<b>133038765</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDING OF THE COMPANY BY NUMBER OF SHARES HELD AS ON 31ST MARCH, 2017 IS AS FOLLOWS:**

Share Holding of Nominal Value of		Shareholders		Shares		% Total	
Rs.	Rs.	Number	% to Total	Physical Shares	Dematerialised shares	Total Shares	% to Total
UP TO 1	5000	33121	96.32	2145408	8175580	10320988	7.76
5001	10000	619	1.80	220245	2052418	2272663	1.71
10001	20000	273	0.79	62375	1966402	2028777	1.52
20001	30000	77	0.22	10850	935093	945943	0.71
30001	40000	54	0.15	15500	943379	958879	0.72
40001	50000	40	0.12	0	937642	937642	0.70
50001	60000	22	0.06	0	622916	622916	0.47
60001	100000	52	0.16	31620	2139429	2171049	1.63
100001	ABOVE	128	0.38	0	112779908	112779908	84.78
<b>TOTAL</b>		<b>37386</b>	<b>100.00</b>	<b>2485998</b>	<b>130552767</b>	<b>133038765</b>	<b>100.00</b>

**o) Unclaimed Dividend / Shares:**

In terms of Section 124 of the Companies Act, 2013, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Shareholders are cautioned that once the unclaimed dividend is transferred to IEPF, a shareholder cannot claim the amount of dividend from the Company. **In accordance with para (c) Schedule VI (Manner of dealing with unclaimed shares),** the Company has sent three reminders to the shareholders whose share certificates are lying unclaimed with the Company. In case yours shares are lying unclaimed with the Company, you are requested to claim the same.

**p) Transfer to Investor Education & Protection Fund:**

As per the Companies Act, 2013, dividends that are unclaimed for a period of seven years, statutorily get transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government



and thereafter cannot be claimed by investors. To ensure maximum disbursement of unclaimed dividend, the Company sends reminders to the concerned investors, before transfer of dividend to IEPF. Pursuant to Section 125 of the Companies Act, 2013, unclaimed dividend has been transferred to IEPF as per below table:

Financial Year	Date of Declaration of Dividend	Total Dividend	Unclaimed Dividend as on 31-3-2017	Due Date of Transfer to IEPF account
FY 2002	16.07.2002	38579176.00	730556.00	22.08.2009
FY 2003	19.07.2003	34721258.40	914312.00	24.08.2010
FY 2004	17.07.2004	38579176.00	973284.00	22.08.2011
FY 2005	16.11.2005	42437093.60	983341.00	21.12.2012
FY 2006	25.09.2006	48223970.00	1135840.00	30.10.2013
FY 2007	26.09.2007	51231109.50	922432.00	05.11.2014
Fy2008	30.09.2008	51231109.50	1065509.00	16.10.2015
FY2009	15.09.2009	30738665.70	699978.00	07.10.2016

**q) Going concern:**

The Board is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements.

Plant locations: (Please refer Last page of Annul Report)

Address for correspondence: (Please refer Last page of Annual Report).

**For and on behalf of the Board**  
**Dr. Lalit Khaitan**

**Place: New Delhi**      **Chairman & Managing Director**  
**Date: 26.07.2017**      **DIN - 00238222**

**Annexure to Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2017**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The members  
**Radico Khaitan Limited**  
CIN: L26941UP1983PLC027278  
Bareilly Road, Rampur, UP-244 901

1. We have examined the compliance of the conditions of Corporate Governance by Radico

Khaitan Limited ('the Company') for the Financial Year ended on 31<sup>st</sup> March, 2017, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representation made by the directors and the management, we certify that the Company has complied with the mandatory conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**TVA & Co. LLP**  
**Company Secretaries**  
**Tanuj Vohra**  
**Partner**  
**M. No.: F5621, C.P. No.: 5253**

**Delhi, 26.07.2017**

**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31<sup>st</sup> March, 2017.

**New Delhi**  
**Date: 26.07.2017**

**Abhishek Khaitan**  
**Managing Director**  
**DIN - 00772865**

## INDEPENDENT AUDITORS' REPORT

### To the Members of Radico Khaitan Limited

#### Report on the Standalone Ind-AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Radico Khaitan Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Ind AS Financial Statements").

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, its profit (financial performance including other comprehensive income) its cash flows and changes in equity for the year ended on that date.

#### Other Matter

The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor V. Sankar

Aiyar & Co. whose report for the year ended March 31, 2016 and March 31, 2015 dated May 10, 2016 and May 22, 2015 respectively expressed an unmodified opinion on those standalone Ind AS financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

**Our opinion is not modified in respect of this matter.**

**Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 38 on Contingent Liabilities;
- ii. The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the company, Refer note no. 57.

For BGJC & Associates LLP  
Chartered Accountants  
Firm Registration No. 003304N

Darshan Chhajjar  
Partner

Place: New Delhi  
Date:- May 23, 2017      Membership Number: 088308

**Annexure 2" to Independent Auditors' Report**

Referred to in paragraph 1 under report on others Other Legal and Regulatory Requirements in Independent Auditors' Report of even date to the members of Radico Khaitan Limited on the standalone Ind AS financial statements for the year ended March 31, 2017.

Independent Auditors' report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the companies act 2013 "the Act"

We have audited the internal financial controls over financial reporting of Radico Khaitan Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company as of and for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls



over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting

and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion and based on reliance on work performed by other auditors, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For BGJC & Associates LLP  
Chartered Accountants  
Firm Registration No. 003304N

Place: New Delhi  
Date:- May 23, 2017  
Darshan Chhajer  
Partner  
Membership Number: 088308

**Radico Khaitan Limited**  
**Standalone Balance Sheet as at**

(Rs. in Lakhs unless otherwise stated)

Particulars	Note No.	March 31, 2017	March 31, 2016	April 01, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	68,287.20	70,449.67	70,454.56
Capital work-in-progress		220.13	190.89	80.30
Intangible assets	2	2,094.81	2,488.95	2,895.57
Financial assets				
Investment in a joint venture	3	15,538.53	15,538.53	15,538.53
Investment in others	4	0.60	0.60	0.60
Loans	5	6,330.19	5,616.42	1,643.87
Others	6	91.81	194.55	226.43
Other non-current assets	7	4,739.24	5,556.27	10,868.13
		<b>97,302.51</b>	<b>100,035.88</b>	<b>101,707.99</b>
<b>Current assets</b>				
Inventories	8	29,303.32	27,409.34	25,675.34
Financial assets				
Investments	9	5,000.00	5,000.00	5,000.00
Trade receivables	10	62,401.07	61,092.56	52,647.78
Cash and cash equivalents	11	1,406.78	1,270.25	1,172.34
Loans	12	15,365.92	16,824.97	13,353.59
Others	13	810.31	936.83	2,312.02
Current Tax assets (Net)	14	413.51	308.44	231.64
Other current assets	15	10,014.67	18,220.89	20,658.95
		<b>124,715.58</b>	<b>131,063.38</b>	<b>121,051.66</b>
<b>Total</b>		<b>222,018.09</b>	<b>231,099.16</b>	<b>222,759.65</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	16	2,660.78	2,660.78	2,660.78
Other Equity	17	100,327.89	93,651.42	87,734.93
		<b>102,988.67</b>	<b>96,312.20</b>	<b>90,395.71</b>
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	18	10,330.77	19,573.35	32,102.12
Others	19	60.00	113.59	70.61
Provisions	20	837.13	717.72	588.70
Deferred tax liabilities (Net)	21	6,928.16	5,498.16	5,054.61
Other non current liabilities	22	19.05	2.40	2.34
		<b>18,175.11</b>	<b>25,905.22</b>	<b>37,818.38</b>
Current liabilities				
Financial liabilities				
Borrowings	23	55,090.67	62,005.82	47,380.73
Trade payables				
Total outstanding dues of micro enterprises and small enterprise's		-	-	-
Other Enterprises	24	18,532.34	17,601.02	15,653.22
Others	25	15,538.51	15,359.61	12,172.24
Provisions	26	4,022.03	3,365.25	3,000.85
Other current liabilities	27	7,670.76	10,550.04	16,338.52
		<b>100,854.31</b>	<b>108,881.74</b>	<b>94,545.56</b>
<b>Total</b>		<b>222,018.09</b>	<b>231,099.16</b>	<b>222,759.65</b>

**Significant Accounting Policies**  
**Other Notes on Accounts**

1  
2-57

For and on behalf of Board of Directors

As per our report of even date

For BGJC & Associates LLP  
Chartered Accountants  
Firm Regn. No. 003304N

Dilip K. Banthiya  
Chief Financial Officer

Dr. Lalit Khaitan  
Chairman & Managing Director

Darshan Chhajera  
Partner  
Membership No. 088308

Amit Manchanda  
Vice President - Legal &  
Company Secretary

Abhishek Khaitan  
Managing Director

Place : New Delhi  
Dated : May 23, 2017

Ajay K. Agarwal  
President (Finance & Accounts)

Director

**Radico Khaitan Limited**  
**Standalone Statement of Profit and Loss for the year ended**

(Rs. in Lakhs unless otherwise stated)

	Note No.	March 31, 2017	March 31, 2016
<b>INCOME</b>			
Revenue from operations	28	486,795.45	427,108.93
Other income	29	1,964.65	3,886.65
<b>Total</b>		<b>488,760.10</b>	<b>430,995.58</b>
<b>EXPENSES</b>			
Cost of materials consumed	30	90,245.65	88,136.31
Excise duty		318,805.32	261,926.58
Purchase of stock-in-trade	31	1,452.68	1,665.11
Change in inventories of finished goods, work-in-progress and stock-in-trade	32	442.07	(419.20)
Employee benefits expense	33	14,034.27	12,834.17
Finance costs	34	8,038.40	8,474.97
Depreciation and amortization expense	35	4,170.32	4,313.05
Other expenses	36	40,603.32	44,192.59
<b>Total</b>		<b>477,792.03</b>	<b>421,123.58</b>
<b>Profit for the year before tax</b>		<b>10,968.07</b>	<b>9,872.00</b>
Less : Tax expense			
- Current tax		1,402.00	2,735.00
- Deferred tax liability / (assets)		1,500.48	(270.73)
- Tax for previous Years		4.34	63.00
<b>Profit for the period from continuing operations</b>		<b>8,061.25</b>	<b>7,344.73</b>
<b>Other comprehensive income</b>	37		
Items that will not be reclassified to profit or loss		(203.69)	(246.24)
Income tax relating to items that will not be reclassified to profit or loss		70.49	85.22
<b>Total other comprehensive income</b>		<b>(133.20)</b>	<b>(161.02)</b>
<b>Total comprehensive income for the period (Comprising profit and other comprehensive income for the period)</b>		<b>7,928.05</b>	<b>7,183.71</b>
Basic Earnings per share in Rs. (face value of Rs. 2/- each)	41	6.06	5.52
Diluted Earnings per share in Rs. (face value of Rs. 2/- each)	41	6.05	5.50

**Significant Accounting Policies**  
**Other Notes on Accounts**
**1**  
**2-57**

For and on behalf of Board of Directors

As per our report of even date

**For BGJC & Associates LLP**  
**Chartered Accountants**  
**Firm Regn. No. 003304N**
**Dilip K. Banthiya**  
**Chief Financial Officer**
**Dr. Lalit Khaitan**  
**Chairman & Managing Director**
**Darshan Chhajjar**  
**Partner**  
**Membership No. 088308**
**Amit Manchanda**  
**Vice President - Legal &**  
**Company Secretary**
**Abhishek Khaitan**  
**Managing Director**
**Place : New Delhi**  
**Dated : May 23, 2017**
**Ajay K. Agarwal**  
**President (Finance & Accounts)**
**Director**



**Radico Khaitan Limited**  
**Standalone Statement of Cash Flow for the year ended**  
**Particulars**

**(Rs. in Lakhs unless otherwise stated)**  
**March 31, 2017**                      **March 31, 2016**

**A. Cash Flow from operating activities**

<b>Profit before tax</b>	10,968.07	9,872.00
Adjustments for		
Depreciation and amortization cost	4,170.33	4,313.06
Profit on sale of fixed assets	(45.97)	(12.22)
loss on sale of fixed assets	190.75	290.86
Interest cost	8,038.40	8,474.97
Interest income	(1,623.64)	(3,549.62)
Provision for Expected credit loss (net)	(28.95)	2,782.14
Dividend income on non current trade investment	(200.00)	(200.00)
<b>Change in other comprehensive income</b>	<b>(203.69)</b>	<b>(246.24)</b>

<b>Operating profit before working capital changes</b>	<b>21,265.30</b>	<b>21,724.95</b>
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Changes in working capital		
Decrease/(Increase) in Inventories	(1,893.98)	(1,734.00)
Decrease/(Increase) in Trade Receivables	(1,279.56)	(11,226.92)
Decrease/(Increase) in current financial assets (loans)	1,459.05	(3,471.38)
Decrease/(Increase) in other current assets	8,206.22	2,438.06
Decrease/(Increase) in non current financial assets (loans)	(713.77)	(3,972.55)
Decrease/(Increase) in other non current assets	770.82	(2,185.42)
Increase/(Decrease) in non current financial liabilities (others)	(53.59)	42.98
Increase/(Decrease) in other non current liabilities	16.65	0.06
Increase/(Decrease) in long term provisions	119.41	129.02
Increase/(Decrease) in short term provisions	656.78	364.40
Increase/(Decrease) in current Trade Payables	931.32	1,947.80
Increase/(Decrease) in current financial liabilities (others)	67.55	(95.95)
Increase/(Decrease) in other current liabilities	(2,879.28)	(5,788.48)
<b>Cash generated from operations</b>	<b>26,672.92</b>	<b>(1,827.43)</b>
Net income tax paid	(1,511.41)	(2,075.30)
<b>Net Cash flow from operating activities (A)</b>	<b>25,161.51</b>	<b>(3,902.73)</b>

**B. Cash flow from investing activities**

Addition of fixed assets (tangible)	(1,876.44)	(4,173.81)
Addition of fixed assets (Intangible)	(22.62)	(29.03)
Sale of fixed assets	140.56	22.65
Investment in CWIP	(29.24)	(110.59)
Interest received during the year	1,761.85	4,508.89
Dividend received during the year	200.00	600.00
Capital expenditure on fixed assets including capital advances	46.21	7,497.28
Fixed deposits matured during the year	91.05	47.80
Bank balances not considered as cash and cash equivalents in unpaid dividend account	(11.99)	(12.71)
<b>Net Cash flow from Investing activities (B)</b>	<b>299.38</b>	<b>8,350.48</b>

**C. Cash flow from financing activities**

Change in Employee stock option outstanding	29.40	13.76
Net Loans (repaid)/taken during the year	(14,087.86)	1,107.03
Dividend paid including DDT	(1,280.98)	(1,280.98)
Changes in unpaid dividend	11.98	12.71
Interest paid during the year	(8,028.84)	(8,513.94)
<b>Net Cash flow from financing activities (C)</b>	<b>(23,356.30)</b>	<b>(8,661.42)</b>

<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,104.59</b>	<b>(4,213.67)</b>
Cash and cash equivalents at the beginning of the year	(33,527.58)	(29,313.91)
Cash and cash equivalents at the end of the year	<b>(31,422.99)</b>	<b>(33,527.58)</b>

**Radico Khaitan Limited**  
**Standalone Statement of Cash Flow for the year ended**

(Rs. in Lakhs unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Reconciliation of Cash and cash equivalents		
Cash in hand	25.92	32.53
Bank Balance		
In Current account	785.17	707.85
In term deposits	553.20	590.42
Cash Credit	(32,699.70)	(34,679.75)
Deposits with more than 12 months maturity	(87.58)	(178.63)
<b>Total Cash and Cash equivalents</b>	<b>(31,422.99)</b>	<b>(33,527.58)</b>

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

For and on behalf of Board of Directors

As per our report of even date

For BGJC & Associates LLP  
Chartered Accountants  
Firm Regn. No. 003304N

Darshan Chhajer  
Partner  
Membership No. 088308

Place : New Delhi  
Dated : May 23, 2017

Dilip K. Banthiya  
Chief Financial Officer

Amit Manchanda  
Vice President - Legal &  
Company Secretary

Ajay K. Agarwal  
President (Finance & Accounts)

Dr. Lalit Khaitan  
Chairman & Managing Director

Abhishek Khaitan  
Managing Director

Director

(Rs. in Lakhs unless otherwise stated)

Radico Khaitan Limited  
Standalone Statement of changes in equity for the year ended March 31, 2017

A. Equity Share Capital	March 31, 2017	March 31, 2016	April 1, 2015
<b>Particulars</b>			
At the beginning of the year	2,660.78	2,660.78	2,660.78
Changes in Equity Share capital during the year	-	-	-
At the end of the year	2,660.78	2,660.78	2,660.78

(Rs. in Lakhs unless otherwise stated)

B. Other Equity

Particulars	Reserves and Surplus			Total
	Securities Premium Reserve	General Reserves	Employee Stock Options outstanding account	
<b>Balance as at April 01, 2015</b>	37,469.28	35,000.00	41.09	87,734.93
Profit/ (Loss) for the year (1)				7,344.73
Other Comprehensive Income/ (loss) (2)				(161.02)
<b>Total Comprehensive Income/ (loss) (1+2)</b>				7,183.71
Dividends including tax thereon (refer note no. 40)				(1,280.98)
Transfer to general reserve		5,000.00		(5,000.00)
Share based payments			13.76	13.76
<b>Balance as at March 31, 2016</b>	37,469.28	40,000.00	54.85	93,651.42
Profit/ (Loss) for the year (1)				8,061.25
Other Comprehensive Income / (loss) (2)				(133.20)
<b>Total Comprehensive Income/ (loss) (1+2)</b>				7,928.05
Dividends including tax thereon (refer note no. 40)				(1,280.98)
Share based payments			29.40	29.40
<b>Balance as at March 31, 2017</b>	37,469.28	40,000.00	84.25	100,327.89

The accompanying notes are an integral part of the financial statements  
As per our report of even date

For and on behalf of Board of Directors

For BGJC & Associates LLP  
Chartered Accountants  
Firm Regn. No. 003304N

Darshan Chhajera  
Partner  
Membership No. 088308

Place : New Delhi  
Dated : May 23, 2017

Dilip K. Banthiya  
Vice President - Legal &  
Company Secretary

Amit Manchanda  
Vice President - Legal &  
Company Secretary

Ajay K. Agarwal  
President (Finance & Accounts)

Dr. Lalit Khaitan  
Chairman & Managing Director

Abhishek Khaitan  
Managing Director

Director



## Radico Khaitan Limited

(Rs. in Lakhs unless otherwise stated)

### Notes to the standalone financial statements for the year ended March 31, 2017

#### Background

Radico Khaitan Limited (the Company) is a company limited by shares, incorporated and domiciled in India. The Company is engaged in the manufacturing and trading of Alcoholic product such as IMFL, Alcohol, Country Liquor etc. The Company sells its products in India as well as various other global markets.

#### Significant Accounting Policies

##### 1.01 Basis of preparation

The separate financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the entity prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first the entity has prepared in accordance with Ind AS. Refer to note 1.25 for information on how the entity has adopted Ind AS.

The separate financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Defined benefit plans
- Share Based Payments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

##### 1.02 Current versus non-current classification

The entity presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The entity classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

##### 1.03 Fair value measurement

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The entity has identified twelve months as its operating cycle.

The entity measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable,

For assets and liabilities that are recognised in the financial statements on a recurring basis, the entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 1.04 Foreign Currency Transactions

The separate financial statements are presented in INR, which is also its functional currency.

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the day of transaction. The outstanding liabilities/ receivables are translated at the year end rates.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction. Any gain or losses arising on translation or settlement are recognized in the Statement of Profit and Loss as per the requirements of Ind AS 21.

#### 1.05 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government with an exception to excise duty. The entity has concluded that it is the principal in all of its revenue arrangements with tie up units since the company is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. In arrangements with tie up units revenue is recognised at gross value with corresponding cost being recognised under cost of production.

However, in case of revenue arrangements with royalty units, the entity has concluded that it is acting as an agent in all such revenue arrangements since the company is not the primary obligor in all such revenue arrangements, has no pricing latitude and is not exposed to inventory and credit risks. Entity earns fixed royalty for sales made of its products which is recognised as revenue.

The entity has assumed that recovery of excise duty flows to the entity on its own and liability for excise duty forms part of the cost of production, irrespective of whether the goods are sold or not. Revenue therefore includes excise duty.

#### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### Interest income

For all debt instruments measured amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the entity estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Statement of Profit and Loss.

#### Royalty

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement

#### Export Incentives

Income from export incentives such as duty drawback etc. are recognised on accrual basis.

#### Dividend

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

#### 1.06 Excise Duty

In respect of stocks covered by Central Excise, excise duty is provided on closing stocks and also considered for valuation. In respect of country liquor and IMFL stocks, applicable State excise duty/ export duty is provided on the basis of state-wise dispatches identified. In the case of Rectified Spirit/ ENA, it is not ascertainable as to how much would be converted finally into country liquor or IMFL or sold as such and also to which particular state or exported outside India. Duty payable in such cases is not determinable (as it varies depending on the places and the form in which these are dispatched). Hence, the excise duty on such stocks lying in factory is accounted for on clearances of such goods. The method of accounting followed by the entity has no impact on the financial statements of the year.

#### 1.07 Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attached conditions are complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the entity receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by Governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial instruments.

#### 1.08 Taxes

##### Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the entity operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**1.09 Property, plant and equipment**

Property, plant and equipment have been measured at fair value at the date of transition to Ind AS. The entity recognised the fair value as deemed cost at the transition date, viz., 1 April 2015.

Assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress is stated at cost, less accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. When significant parts of plant and equipment are required to be replaced at intervals, the entity depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. Refer to note 1.23 regarding significant accounting judgements, estimates and assumptions.

**Depreciation**

Cost of leasehold land and leasehold improvements are amortised over the period of lease.

Depreciation is provided as per Schedule II to the Companies Act, 2013, on straight line method with reference to the useful life of the assets specified therein.

On additions costing less than Rs.5,000, depreciation is provided at 100% in the year of addition.

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**1.10 Intangible assets**

On transition to Ind AS, the entity has elected to continue with the carrying value of all of intangible assets (except goodwill which has been impaired) recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.



Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

#### **Amortization**

Based on the anticipated future economic benefits, the life of Brands & Trade Marks are amortised over twenty years on straight line method.

Software are amortised over a period of three years on straight line method.

#### **1.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### **1.12 Segment reporting**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

#### **1.13 Inventories**

Finished goods and stock-in-process are valued at lower of cost or net realisable value. Cost includes cost of conversion and other expenses incurred in bringing the goods to their location and condition. Raw materials, packing materials, stores and spares are valued at lower of cost or net realisable value. Cost is ascertained on "moving weighted average" basis for all inventories.

#### **1.14 Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2015, the entity has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### **Entity as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the entity is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the entity's general policy on the borrowing costs (See note 1.11). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

As on transition date, the entity has newly classified a land lease as a finance lease and has recognised such asset and liability at fair value with differential being recognised in retained earnings.

Operating lease rentals are charged off to the Statement of Profit and Loss.

#### **1.15 Impairment of non-financial assets**

At each reporting date, the entity reviews the carrying amount of its assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or entity's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

#### **1.16 Provisions, Contingent Liabilities and Contingent Assets**

##### **Provisions**

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable

estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **Contingent liability and Contingent Assets**

Contingent liabilities are not recognized but are disclosed where possibility of any outflow in settlement is remote. Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable.

### **1.17 Employee benefits**

#### **Short-term obligations**

Liabilities for salaries and wages, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized up to the end of the reporting period and are measured at the amounts expected to be paid on settlement of such liabilities. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

#### **Other long-term employee benefit obligations**

The liabilities for earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet since the Company does not have an unconditional right to defer the settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### **Post-employment obligations**

The Company operates the following post-employment schemes:

- Defined benefit plans in the form of gratuity, and
- Defined contribution plans such as provident fund and pension fund

#### **Gratuity obligations**

The Company operates a defined benefit gratuity plan for employees. The Company has obtained group gratuity scheme policies from Life Insurance Corporation of India to cover the gratuity liability of these employees. The difference in the present value of the defined benefit obligation and the fair value of plan assets at the end of the reporting period is recognized as a liability or asset, as the case may be, in the Balance Sheet. The defined benefit obligation is calculated annually on the basis of actuarial valuation using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in OCI.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

#### **Defined contribution plans**

The Company makes contribution to statutory provident fund and pension funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

### **1.18 Share-based payments**

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of the options granted is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the option granted:

- including any market performance conditions (e.g., the Company's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining and employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### **1.19 Earnings Per Share**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 1.20 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in Statement of Profit and Loss.

### A. Financial Assets

#### Subsequent measurement

Financial assets are subsequently classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI)
- fair value through profit or loss (FVTPL)

#### Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses (ECL). The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument

#### Financial assets measured at amortised cost:

A financial asset is measured at amortised cost if both the following conditions are met:

- a). The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b). Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables, loans, etc.

#### Measured at fair value through other comprehensive income:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

#### Measured at fair value through profit or loss:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The entity makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the same are transferred.

### Impairment of financial assets

Expected credit losses (ECL) are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category. For financial assets, as per Ind AS 109, the Company recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

### B. Financial liabilities

#### Subsequent measurement

- Financial liabilities are subsequently measured at amortised cost using the EIR method.
- Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

### Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

### Reclassification of financial assets

The entity recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The entity's senior management determines change in the business model as a result of external or internal changes which are significant to the entity's operations. Such changes are evident to external parties. A change in the business model occurs when the entity either begins or ceases to perform an activity that is significant to its operations. If the entity reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first



day of the immediately next reporting period following the change in business model. The entity does not restate any previously recognised gains, losses (including impairment gains or losses).

**C. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the separate Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**1.21 Derivative financial instruments**

The entity uses derivative financial instruments, such as forward currency contracts, interest rate swaps and to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**1.22 Cash and cash equivalents**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**1.23 Significant accounting judgements, estimates and assumptions**

The preparation of the separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, contingent liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the accounting policies, management has made the following judgements, which have most significant effect on the amounts recognised in the separate financial statements:

**a) Arrangement containing lease**

The entity applies Appendix C of Ind AS 17, "Determining Whether an Arrangement Contains a Lease", to contracts entered with contract bottling units. Appendix C deals with the method of identifying and recognizing service, purchase and sale contracts that do not take the legal form of a lease but convey a right to use an asset in return for a payment or series of payments. The entity has determined that where the capacity utilisation by the entity is less than 100% and others take more than an insignificant amount of output, the arrangement does not contain leases. Where the entity utilises 100% capacity and others take less than an insignificant output the agreement contains lease. However, based on an evaluation of the terms and conditions of the arrangements, the company has concluded that these contracts are in the nature of operating leases.

**b) Revenue recognition**

The entity assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. The entity has generally concluded that it is acting as a principal in all its revenue arrangements.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the entity and its business partners are reviewed to determine each party's respective role in the transaction.

Where the entity's role in a transaction is that of a principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of causing a transaction billed to the customer, net off sales tax/VAT, trade discounts and rebates but inclusive of excise duty with any related expenditure charged as an operating cost.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The entity based its assumptions and estimates on parameters available when the separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the entity. Such changes are reflected in the assumptions when they occur.

**a) Impairment reviews**

At each reporting date, the entity reviews the carrying amount of its non-financial assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

Impairment reviews in respect of the relevant CGUs are performed at least annually or more regularly if events indicate that this is necessary.

Impairment reviews are based on discounted future cash flows. The future cash flows which are based on business forecasts, the long-term growth rates and the pre-tax discount rates, that reflects the current market assessment of the time value of money and the risk specific to the asset or CGU, used are dependent on management estimates and judgements. Future events could cause the assumptions used in these impairment reviews to change.

**b) Allowance for uncollectible accounts receivable and advances**

Trade receivables and certain financial assets do not carry any interest unlike other interest bearing financial assets viz intercorporate deposits. Such financial assets are stated at their carrying value as reduced by impairment losses determined in accordance with expected credit loss. Allowance as per expected credit loss model is based on simplified approach which is based on historicals observed default rates and changed as per forward-looking estimates. In case of trade receivables entity uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables which is also based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The actual loss could differ from the estimate made by the management.

**c) Taxes**

The entity is subject to income tax laws as applicable in India. Significant judgement is required in determining the provision for taxes as the tax treatment is often by its nature complex, and cannot be finally determined until

a formal resolution has been reached with the relevant tax authority which may take several years to conclude. Amounts provided are accrued based on managements interpretation of country specific tax laws and the likelihood of settlement. The entity recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Actual liabilities could differ from the amount provided which could have a consequent adverse impact on the results and net position of the entity.

#### **d) Pension and post-retirement benefits**

The cost of defined benefit plans viz. gratuity, provident fund, leave encashment, etc. are determined using actuarial assumptions. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about defined benefit plans are given in note no. 54.

### **1.24 RECENT ACCOUNTING DEVELOPMENTS**

#### **Standards issued but not yet effective:**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from April 1, 2017.

#### **Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Company.

#### **Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if

the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The effect on the financial statements is being evaluated by the Company.

### **1.25 First time adoption of Ind-AS**

These financial statements, for the year ended 31 March 2017, are the first the entity has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the entity prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the entity has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the entity's opening Balance Sheet was prepared as at 1 April 2015, the entity's date of transition to Ind AS. This note explains the principal adjustments made by the entity in restating its Indian GAAP financial statements, including the Balance Sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

#### **Exemptions applied**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The entity has applied the following exemptions:

#### **i) Business Combination**

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, Associates and Joint Ventures which are considered businesses under Ind AS that occurred before 1 April 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. The entity did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

Ind AS 101 also requires that Indian GAAP carrying amount of goodwill must be used in the opening Ind AS balance sheet (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the entity has tested goodwill for impairment at the date of transition to Ind AS, accordingly goodwill has been impaired.

#### **ii) Property, plant and equipment**

An entity may elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date.

Accordingly property, plant and equipments have been measured at fair value as on transition date and the same has been considered as deemed cost at that date.

#### **iii) Intangible Assets**

Where there is no change in its functional currency on the date

of transition to Ind AS, a first-time adopter to Ind AS may elect to continue with the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Since there is no change in the functional currency, the entity has elected to continue with the carrying value for all of its intangible assets (except Goodwill) as recognised in its Indian GAAP financial as deemed cost at the transition date.

#### iv) Long Term Foreign Currency Monetary Items

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

Entity has opted not to continue with the existing policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items. Accordingly the unamortised amount has been charged to retained earnings as on transition date.

#### v) Investments

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amount in its separate opening Ind AS Balance Sheet

- (a) cost determined in accordance with Ind AS 27; or
- (b) deemed cost. The deemed cost of such an investment shall be its:
  - (i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or
  - (ii) previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary, joint venture or associate that it elects to measure using a deemed cost.

Accordingly the entity has adopted to consider fair value as deemed cost at the entity's date of transition to Ind AS.

#### vi) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the entity has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions in place as at the date of transition.

#### vii) Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation.

- Impairment of financial assets based on expected credit loss model

The estimates used by the entity to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

#### viii) i) Reconciliation of Equity as previously reported under previous Indian GAAP to Ind AS for the year ended

Equity reconciliation	31-03-2016	01-04-2015
Shareholders Equity as per IGAAP as on	90,446.86	82,928.40
Effect of measuring Financials Instruments at Fair value	(12,995.93)	(11,034.43)
Adjustment for Proposed Dividend (Including Tax)	1,280.98	1,280.98
Deferred taxes	1,784.05	1,145.10
Reassessment of Depreciation and fair value of PPE/Intangible assets	15,796.24	16,075.66
Shareholders Equity as per Ind-AS as on 31-March	<u>96,312.20</u>	<u>90,395.71</u>

#### ii) Effect of Ind AS adoption on total comprehensive income for the year ended March 31, 2016\*

Net profit as reported under Previous GAAP	7688.86
<u>Add/(Less):- Adjustment on account of :-</u>	
Re - Measurement cost of net defined benefit liability (Including tax impact thereon)	161.02
Foreign currency loss on MTM of ECB as per Ind AS-21	531.16
Depreciation impact due to fair value as per Ind AS-16	(278.92)
Fair Valuation of Financial Assets/ Liabilities as per Ind AS	(61.06)
Provision for expected credit loss (ECL)	(964.00)
Deferred tax as per Ind AS-12	638.95
Dividend on preference shares	(400.00)
Others	28.72
<b>Net profit before OCI as per Ind AS</b>	<u>7344.73</u>
Other Comprehensive ( Income ) /Expenses	161.02
<b>Net profit after OCI as per Ind AS</b>	<u>7183.71</u>

\*Refer Note 1.25 (ix)

#### ix) Principal difference between Ind AS and Indian GAAP Measurement and recognition difference

##### I. Property, Plant and Equipment (PPE)

##### a) Measurement

The entity has elected to measure Property, Plant and Equipment at fair value on transition date. Differential amount between carrying value and fair value has been recognised against retained earnings.

##### b) Depreciation of property, plant and equipment

As mentioned above, At the date of transition to Ind AS, The entity has elected to measure Property, Plant and Equipment at fair value, resulting into differential depreciation being recognised in the Statement of Profit and Loss from the year 2015-16, over the remaining useful life of the PPE.

##### c) Long Term Foreign Currency Monetary Items

Under Indian GAAP, foreign exchange differences arising from translation of long-term foreign currency monetary items were capitalised into the carrying value of fixed assets where these were taken to purchase fixed asset.



Under Ind-AS entity has opted not to continue with the existing policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items and follow treatment as per Ind AS 21. Accordingly the unamortised amounts on transitional date and as at March 31, 2016 have been charged to retained earnings.

## II. Intangible Assets

Under Ind-AS, goodwill is not subject to amortisation but is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Accordingly, during the year 2015-16, Amortisation has been reversed in the Statement of Profit and Loss.

Goodwill has been impaired as at the transition date.

## III. Financial instruments

### Derivative financial instruments

Under Indian GAAP, derivative contracts are measured at fair value at each Balance Sheet date to the extent of any reduction in fair value, and the loss on valuation is recognised in the Statement of Profit and Loss. A gain on valuation is only recognised by the entity if it represents the subsequent reversal of an earlier loss.

The fair value of forward foreign exchange contracts is recognised under Ind AS, and was not recognised under Indian GAAP. entity did not had any outstanding forward contracts on 1 April 2015, however there were certain forward contracts outstanding on 31 March 2016. The same was recognised on mark to market basis with a corresponding debit/ credit in Statement of Profit and Loss.

## IV. Proposed dividend

Under Indian GAAP, proposed dividends are recognized as liability in the period to which they relate irrespective of the approval by shareholders. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the entity (on approval of Shareholders in a general meeting) or paid.

In the case of the entity, the declaration of dividend occurs after period end. Therefore, the liability for the year ended 31 March 2015 recorded for dividend has been derecognised against retained earnings on 1 April 2015. The proposed dividend for the year ended on 31 March 2016 of recognized under Indian GAAP has also been derecognised with a corresponding impact in the retained earnings. Subsequently recognised at the time of distribution.

## V. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the entity has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

## VI. Financial assets

Under Indian GAAP, the entity has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL Model). Due to ECL model, the entity impaired its trade receivable/loans which has been eliminated against retained earnings.

## VII. Defined benefit liabilities

Both under Indian GAAP and Ind AS, the entity recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

## VIII. Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to the Statement of Profit and Loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

## IX. Sale of Goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of Statement of Profit and Loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense.

The entity has concluded that it is the principal in all of its revenue arrangements with tie up units since it is the primary obligor in all the revenue arrangements.

## X. Other comprehensive income

Under Indian GAAP, the entity has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to that as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

**Radico Khaitan Limited**  
**Notes forming part of the Standalone Financial Statements**

**2 Property, plant and equipment**  
(Refer notes 1.09 and 1.10)

(Rs. in Lakhs unless otherwise stated)

Description of Assets	Gross Block			Depreciation			Net Block	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	Up to March 31, 2016	For the year	Written back	Up to March 31, 2017
<b>Tangible Assets</b>								
Freehold land	12,874.01	42.28	-	12,916.29	-	-	-	12,916.29
Leasehold land	3,467.56	-	-	3,467.56	45.93	45.93	-	3,375.70
Buildings	8,630.49	51.00	-	8,681.49	407.57	370.57	-	778.14
Plant & equipments	48,495.27	1,107.60	210.85	49,392.02	3,206.24	3,150.06	16.41	6,339.89
Office equipments	54.57	43.70	2.25	96.02	27.45	17.44	1.12	43.77
Furniture & fittings	149.31	15.41	-	164.72	38.60	29.90	-	68.50
Vehicles	500.39	616.45	184.67	932.17	108.66	119.25	94.89	799.15
Leasehold improvements	136.67	-	-	136.67	24.15	20.41	-	44.56
	<b>74,308.27</b>	<b>1,876.44</b>	<b>397.77</b>	<b>75,786.94</b>	<b>3,858.60</b>	<b>3,753.56</b>	<b>112.42</b>	<b>7,499.74</b>
<b>Intangible Assets</b>								
Brands & trade marks software	2,552.26	-	-	2,552.26	286.90	286.90	-	573.80
	372.34	22.62	-	394.96	148.75	129.86	-	278.61
	<b>2,924.60</b>	<b>22.62</b>	<b>-</b>	<b>2,947.22</b>	<b>435.65</b>	<b>416.76</b>	<b>-</b>	<b>852.41</b>
<b>Total</b>	<b>77,232.87</b>	<b>1,899.06</b>	<b>397.77</b>	<b>78,734.16</b>	<b>4,294.25</b>	<b>4,170.32</b>	<b>112.42</b>	<b>8,352.15</b>
								<b>70,382.01</b>

Description of Assets	Gross Block			Depreciation			Net Block	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	Up to March 31, 2015	For the year	Written back	Up to March 31, 2016
<b>Tangible Assets</b>								
Freehold land	12,859.99	14.02	-	12,874.01	-	-	-	12,874.01
Leasehold land	3,467.57	-	-	3,467.57	-	45.93	-	3,421.64
Buildings	8,197.98	432.52	-	8,630.50	-	407.57	-	8,222.93
Plant & equipments	45,158.87	3,637.49	301.09	48,495.27	3,206.24	3,221.80	15.56	45,289.03
Office equipments	38.32	17.26	1.01	54.57	27.45	27.82	0.37	27.12
Furniture & fittings	130.78	18.52	-	149.30	-	38.60	-	110.70
Vehicles	466.51	51.86	18.00	500.37	-	111.53	2.87	391.71
Leasehold improvements	134.54	2.14	-	136.68	-	24.15	-	112.53
	<b>70,454.56</b>	<b>4,173.81</b>	<b>320.10</b>	<b>74,308.27</b>	<b>-</b>	<b>3,877.40</b>	<b>18.80</b>	<b>3,858.60</b>
								<b>70,449.67</b>
<b>Intangible Assets</b>								
Brands & trade marks software	2,552.26	-	-	2,552.26	-	286.90	-	2,265.36
	343.31	29.03	-	372.34	-	148.75	-	223.59
	<b>2,895.57</b>	<b>29.03</b>	<b>-</b>	<b>2,924.60</b>	<b>-</b>	<b>435.65</b>	<b>-</b>	<b>2,488.95</b>
<b>Total</b>	<b>73,350.13</b>	<b>4,202.84</b>	<b>320.10</b>	<b>77,232.87</b>	<b>-</b>	<b>4,313.05</b>	<b>18.80</b>	<b>4,294.25</b>
								<b>72,938.62</b>

**Radico Khaitan Limited**  
Notes forming part of the Standalone Financial Statements as at

(Rs. in Lakhs unless otherwise stated)

	March 31, 2017	March 31, 2016	April 01, 2015
<b>Non-current assets</b>			
<b>Financial assets</b>			
<b>3 Investment in a joint venture</b>			
<b>Unquoted Investments</b>			
Equity Shares (at cost)			
Radico NV Distilleries Maharashtra Limited - 26,59,500 (Previous year: 26,59,500) equity shares of Rs. 100 each, fully paid up	13,538.53	13,538.53	13,538.53
Preference Shares (at amortised cost)			
Radico NV Distilleries Maharashtra Limited - 20,00,000 (Previous year: 20,00,000) 10% cumulative, non-convertible preference shares of Rs.100 each, fully paid up	2,000.00	2,000.00	2,000.00
	<u>15,538.53</u>	<u>15,538.53</u>	<u>15,538.53</u>
<b>4 Investment in Others (Unquoted, at FVTPL)</b>			
New Urban Cooperative Bank Ltd. - 2,388 (Previous year: 2,388) equity shares of Rs. 25 each, fully paid up	0.60	0.60	0.60
	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments; and	15,539.13	15,539.13	15,539.13
Aggregate amount of impairment in value of investments.	-	-	-
<b>5 Loans</b>			
(Unsecured- Considered good unless otherwise stated)			
Radico NV Distilleries Maharashtra Limited (Joint Venture)	-	-	1,000.00
Security Deposits	6,330.19	5,616.42	643.87
	<u>6,330.19</u>	<u>5,616.42</u>	<u>1,643.87</u>
<b>6 Others</b>			
Interest accrued on- term deposits	4.23	15.92	-
Balances with banks (Refer note-11)	87.58	178.63	223.30
Advances recoverable in cash	-	-	3.13
	<u>91.81</u>	<u>194.55</u>	<u>226.43</u>
<b>7 Other non-current assets</b>			
Capital Advances	3,061.68	3,107.89	10,605.17
Others			
Prepaid Assets	1,677.56	2,448.38	262.96
	<u>4,739.24</u>	<u>5,556.27</u>	<u>10,868.13</u>
<b>Current assets</b>			
<b>8 Inventories</b>			
(Refer Note 1.13 on valuation)			
Raw materials	10,795.14	8,904.20	8,465.90
Stock in process	2,306.31	2,231.14	1,694.71
Finished goods	10,234.16	9,888.94	9,915.54
Stock-in-trade	356.42	335.17	172.98
Stores & spares	1,708.46	1,932.50	1,858.86
Packing materials	3,956.72	4,271.00	3,772.61
Goods in transit - Raw material	6.17	13.63	19.22
	<u>29,363.38</u>	<u>27,576.58</u>	<u>25,899.82</u>
Less: Provision for obsolete and non moving inventory	60.06	167.24	224.48
	<u>29,303.32</u>	<u>27,409.34</u>	<u>25,675.34</u>

**Amount recognised in profit or loss**

Write-down of inventories to net realisable value resulted in net loss of Rs. 1.88 Lakhs [Previous year - Rs. Nil]. These were recognised as an expense during the year in the Statement of Profit and Loss.



**Radico Khaitan Limited**  
**Notes forming part of the Standalone Financial Statements as at**

	March 31, 2017	(Rs. in Lakhs unless otherwise stated) March 31, 2016	April 01, 2015
<b>Financial assets</b>			
<b>9 Investments (Unquoted)</b>			
Certificate of deposit with a financial institution (at FVTPL)	5,000.00	5,000.00	5,000.00
	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments; and	5,000.00	5,000.00	5,000.00
Aggregate amount of impairment in value of investments.	-	-	-
<b>10 Trade Receivables</b>			
- Unsecured, considered good	71,388.89	77,558.96	68,150.17
- Doubtful	1,925.00	783.73	906.44
	<u>73,313.89</u>	<u>78,342.69</u>	<u>69,056.61</u>
Less: Allowance for expected credit loss	(10,912.82)	(17,250.13)	(16,408.83)
	<u><u>62,401.07</u></u>	<u><u>61,092.56</u></u>	<u><u>52,647.78</u></u>
<b>11 Cash and Cash Equivalents</b>			
<b>Balances with banks</b>			
- in current accounts	785.17	707.85	857.28
Cash on hand	25.92	32.53	18.18
Other bank Balances			
- in unpaid dividend accounts	130.07	118.08	105.37
- in term deposits #	553.20	590.42	414.81
Other non-current financial assets	(87.58)	(178.63)	(223.30)
	<u>1,406.78</u>	<u>1,270.25</u>	<u>1,172.34</u>
# Deposit includes			
Under lien with Government department and banks as security	<u>553.20</u>	<u>590.42</u>	<u>414.81</u>
<b>12 Loans</b>			
(Unsecured- Considered good, unless otherwise stated)			
Loans and advances to related parties			
- Radico NV Distilleries Maharashtra Limited (Joint Venture)	28.35	-	29.07
Security Deposits	1,102.49	1,102.58	699.26
Others			
Advances recoverable	10,250.08	12,127.39	1,735.26
Inter corporate deposits- (See note 55)	10,085.00	9,695.00	16,990.00
	<u>21,465.92</u>	<u>22,924.97</u>	<u>19,453.59</u>
Less: Allowance for expected credit loss	(6,100.00)	(6,100.00)	(6,100.00)
	<u><u>15,365.92</u></u>	<u><u>16,824.97</u></u>	<u><u>13,353.59</u></u>
<b>13 Others</b>			
Interest accrued on			
- term deposits	36.98	41.45	43.42
- loans and advances	1,301.43	1,423.48	2,396.70
Dividend accrued on preference share	400.00	400.00	800.00
	<u>1,738.41</u>	<u>1,864.93</u>	<u>3,240.12</u>
Less: Allowance for expected credit loss	(928.10)	(928.10)	(928.10)
	<u><u>810.31</u></u>	<u><u>936.83</u></u>	<u><u>2,312.02</u></u>
<b>14 Current Tax assets</b>			
Income Tax (Net of provisions)	413.51	308.44	231.64
	<u>413.51</u>	<u>308.44</u>	<u>231.64</u>
<b>15 Other current assets</b>			
(Unsecured - Considered good)			
Advances other than capital advances			
Advances recoverable in kind	1,677.97	1,378.06	3,536.67
Others			
Accrued export incentives	1,096.85	911.86	2,263.70
Amount paid under protest	197.59	297.20	163.04
Claims and duties adjustable from Excise Department	4,758.25	13,410.14	13,406.60
Other balances recoverable from Statutory/ Government authorities	128.17	278.03	111.11
Prepaid expenses	2,155.84	1,945.60	1,177.83
	<u>10,014.67</u>	<u>18,220.89</u>	<u>20,658.95</u>

**Radico Khaitan Limited**  
Notes forming part of the Standalone Financial Statements as at

(Rs. in Lakhs unless otherwise stated)

	March 31, 2017	March 31, 2016	April 01, 2015
<b>Equity</b>			
<b>16 Equity share capital</b>			
Authorised			
17,00,00,000 (Previous year 17,00,00,000) equity shares of Rs. 2/- each	3,400.00	3,400.00	3,400.00
60,00,000 (Previous year 60,00,000) preference shares of Rs. 100/- each	6,000.00	6,000.00	6,000.00
	<u>9,400.00</u>	<u>9,400.00</u>	<u>9,400.00</u>
Issued, subscribed and fully paid			
13,30,38,765 (previous Year 13,30,38,765) equity shares of Rs. 2/- each	2,660.78	2,660.78	2,660.78
	<u>2,660.78</u>	<u>2,660.78</u>	<u>2,660.78</u>

a. The Company has issued only one class of shares, referred to as equity shares having a par value of Rs. 2/- . Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b. Reconciliation of the number of shares**

	<u>No. of Shares</u>	<u>No. of Shares</u>	<u>No. of Shares</u>
Outstanding at the beginning of the year	133,038,765	133,038,765	133,038,765
Add: Issued during the year	-	-	-
Outstanding at the end of the year	<u>133,038,765</u>	<u>133,038,765</u>	<u>133,038,765</u>

**c. Shares held by each shareholder holding more than 5% shares**

	<u>No. of Shares</u>	<u>No. of Shares</u>	<u>No. of Shares</u>
Sapphire Intrex Ltd.*	-	33,888,011	33,888,011
Shailaja Finance Ltd.	45,379,098	11,491,087	11,491,087
Reliance Capital Trustee Company Ltd.	12,757,960	13,147,932	11,296,871
TIMF Holdings	9,293,781	-	-
HSBC Global Investment Funds Mauritius Ltd.	-	7,741,702	9,980,624

\* Merged with Shailaja Finance Limited on dated 7th April 2016.

**d. Shares reserved for issue under options: ESOPs**

The Company established Employee Stock Options Plan, duly approved by the shareholders in the meeting held on May 25, 2006 which is effective from July 25, 2006. Accordingly, the Company has granted 42,80,000 equity options up to March 31, 2017 which will get vested over a period of 4 years from the date of the grant. The employees have the options to exercise the right within a period of 3 years from the date of vesting. The compensation cost of stock options granted to employees are accounted by the Company using the fair value method.

**e. Summary of Stock Option**

	<u>No. of stock</u>	<u>No. of stock</u>
Option granted up to the year end	4,280,000	4,180,000
Options forfeited up to the year end	1,583,326	1,545,201
Options exercised up to the year end	1,903,549	1,903,549
Option outstanding at the year end	793,125	731,250
Exercise price (weighted average)	Rs. 80.58	Rs. 80.58

In respect of Options granted under the Employee Stock Options plan, in accordance with the guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortized on a straight line basis over the period between the date of grant of options and eligible dates for conversion into equity shares. Consequently, Employee benefits expense (Note no. 33) includes Rs. 29.40 lakhs (Previous year Rs.13.76 lakhs) being the amortisation of deferred employee compensation.

**Radico Khaitan Limited**  
**Notes forming part of the Standalone Financial Statements as at**

(Rs. in Lakhs unless otherwise stated)

	March 31, 2017	March 31, 2016	April 01, 2015
<b>17 Other Equity #</b>			
Retained earning / Surplus	22,774.36	16,127.29	15,224.56
Securities Premium Reserve	37,469.28	37,469.28	37,469.28
General Reserve	40,000.00	40,000.00	35,000.00
Employee Stock Options outstanding account	84.25	54.85	41.09
	<u>100,327.89</u>	<u>93,651.42</u>	<u>87,734.93</u>

# Refer statement of changes in equity for detailed movement in above reserves.

**Non-current liabilities**

**Financial liabilities**

**18 Borrowings**

**Term Loans - Secured #**

- Rupee loans from banks	6,773.06	3,729.61	6,226.19
- Rupee loans from others	1,764.71	2,941.18	4,117.65
- Foreign currency loans from banks (ECB)	16,275.15	27,294.90	32,841.04
	<u>24,812.92</u>	<u>33,965.69</u>	<u>43,184.88</u>

Less : Shown in current maturities of long-term debt (Refer Note 25)

- Rupee loan from banks	1,968.33	2,500.00	2,500.00
- Rupee loans from others	1,176.47	1,176.47	1,176.47
- Foreign currency loans from banks	11,337.35	10,715.87	7,406.29
	<u>14,482.15</u>	<u>14,392.34</u>	<u>11,082.76</u>
	<u>10,330.77</u>	<u>19,573.35</u>	<u>32,102.12</u>

**# Notes**

- The above loans are secured by a pari-passu first charge on fixed assets of the Company, both present and future. Vehicle loans are secured by respective vehicles.
- Non-fund based facilities provided by banks are also secured by a second charge on the fixed assets of the Company.
- Term of repayment are as follows:-

Name	Year of Maturity	Outstanding as at March 31, 2017	Outstanding as at March 31, 2016	Outstanding as at April 1, 2015
IDBI Bank Ltd. - Rupee Term Loan	July 2017	625.00	1,875.00	3,125.00
State Bank of Hyderabad - Rupee Term Loan	Aug 2017	619.72	1,854.61	3,101.19
Aditya Birla Finance Ltd.	Aug 2018	1,764.71	2,941.18	4,117.65
Lakshmi Vilas Bank	Sep 2021	4,999.80	-	-
HDFC Bank	Jan 2022	528.54	-	-
ICICI Bank Ltd (ECB): Outstanding: \$123.00 lakhs	April 2018	4,668.38	8,158.95	9,776.73
ICICI Bank Ltd (ECB): Outstanding \$197.22 lakhs	July 2018	7,959.60	12,917.25	14,849.27
State Bank of India (ECB): Outstanding \$93.75 lakhs	July 2018	3,647.17	6,218.70	8,215.04
		<u>24,812.92</u>	<u>33,965.69</u>	<u>43,184.88</u>

**19 Others (at amortised cost)**

Security Deposits	60.00	113.59	70.61
	<u>60.00</u>	<u>113.59</u>	<u>70.61</u>

**20 Provisions**

Provision for employee benefits			
- Leave encashment (Refer Note 54)	837.13	717.72	588.70
	<u>837.13</u>	<u>717.72</u>	<u>588.70</u>



**Radico Khaitan Limited**  
Notes forming part of the Standalone Financial Statements as at

(Rs. in Lakhs unless otherwise stated)

	March 31, 2017	March 31, 2016	April 01, 2015
<b>21 Deferred Tax Liabilities (Net) (Refer note no. 42)</b>			
Deferred Tax Liabilities	12,624.68	12,666.19	12,495.47
Deferred Tax Assets	(5,696.52)	(7,168.03)	(7,440.86)
Deferred Tax Liability (Net)	<u>6,928.16</u>	<u>5,498.16</u>	<u>5,054.61</u>
<b>22 Other non current liabilities</b>			
Present value of future lease payments	2.47	2.40	2.34
Other Payable	16.58	-	-
	<u>19.05</u>	<u>2.40</u>	<u>2.34</u>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
<b>23 Borrowings</b>			
<b>Secured - from Banks</b>			
- Cash credit (repayable on demand) #	32,699.70	34,679.75	30,380.88
- Rupee loans *	11,890.97	10,993.07	5,999.85
<b>Unsecured- from Banks</b>			
- Rupee loans	10,500.00	15,498.65	11,000.00
- Foreign Currency Loans	-	834.35	-
	<u>55,090.67</u>	<u>62,005.82</u>	<u>47,380.73</u>
# Secured by hypothecation of inventories and book debts. Further secured by a second charge on fixed assets of the Company.			
* Under the "Receivable buyout" facility sanctioned by IDBI Bank Ltd. against trade receivables.			
<b>24 Trade Payables</b>			
Due to Micro and Small enterprises #	-	-	-
Others	18,532.34	17,601.02	15,653.22
	<u>18,532.34</u>	<u>17,601.02</u>	<u>15,653.22</u>
# The Company has not received information from suppliers or service providers, whether they are covered under Micro, Small and Medium Enterprises (Development) Act, 2006 and hence it has not been possible to ascertain the required information relating to amounts unpaid, if any, as at year end together with interest paid or payable to them.			
<b>25 Others (Financial liability carried at amortised cost)</b>			
Current maturities of long-term debt			
- Rupee loan from banks	1,968.33	2,500.00	2,500.00
- Rupee loan from others	1,176.47	1,176.47	1,176.47
- Foreign currency loans from banks	11,337.35	10,715.87	7,406.29
Interest accrued but not due on borrowings	150.97	240.42	260.99
Interest accrued and due on borrowings	217.99	118.98	137.38
Security Deposits	557.70	490.15	583.73
Unclaimed dividends #	129.70	117.72	105.01
Corporate guarantee given	-	-	2.37
	<u>15,538.51</u>	<u>15,359.61</u>	<u>12,172.24</u>
# This does not include any amount due and outstanding, to be credited to the Investor Education and Protection Fund.			
<b>26 Provisions</b>			
For employee benefits			
- Gratuity (See Note 54)	110.83	355.89	292.70
- Leave encashment (Refer Note 54)	292.87	269.79	221.40
For excise/custom duty on closing stock	3,610.97	2,732.21	2,479.39
Other contingencies	7.36	7.36	7.36
	<u>4,022.03</u>	<u>3,365.25</u>	<u>3,000.85</u>
<b>27 Other Current Liabilities</b>			
On account of capital goods/ services	831.65	877.06	331.35
Advances from customers and others	4,065.79	6,659.57	13,696.89
Accrued salary and benefits	508.34	592.39	299.48
Statutory dues	2,264.98	2,421.02	2,010.80
	<u>7,670.76</u>	<u>10,550.04</u>	<u>16,338.52</u>

**Radico Khaitan Limited**

Notes forming part of the Standalone Financial Statements for the year ended

(Rs. in Lakhs unless otherwise stated)

	March 31, 2017	March 31, 2016
<b>28 Revenue from Operations</b> (Refer Note 1.05 on revenue recognition)		
<b>Sale of Products</b>		
- Alcohol and other alcoholic products	475,487.01	414,218.20
- Pet bottles & caps	4,889.93	5,954.42
- Jaivik khad	245.45	250.60
- Others	612.57	1,088.42
<b>Sale of traded goods</b>		
- Indian Made Foreign Liquor	829.70	705.06
- Alcohol	-	263.97
- Traded Goods	306.88	425.73
- Imported Liquor	730.13	889.37
Royalty Income	685.36	671.01
<b>Other operating revenues</b>		
- Export incentives	1,211.69	1,175.54
- SAD Refund received	15.51	25.57
- Sale of Scrap	1,781.22	1,441.04
	<b>486,795.45</b>	<b>427,108.93</b>
<b>29 Other Income</b>		
Finance income		
Interest income on		
- Term deposit with banks and financial institutions	510.48	511.85
- Loans (including inter corporate deposits)	436.82	2,591.81
- Interest Income on Deposit	657.70	438.12
Dividend income on non-current investments	200.00	200.00
<b>Other non-operating income</b>		
Interest on Income Tax refunds	18.64	7.84
Profit on sale of fixed assets	45.97	12.22
Excess provisions written back	40.46	68.69
Miscellaneous income	54.58	56.12
	<b>1,964.65</b>	<b>3,886.65</b>
<b>30 Cost of Materials Consumed</b>		
Raw Materials		
Opening Stock	8,904.20	8,465.90
Add: Purchases	53,967.70	48,987.10
	62,871.90	57,453.00
Less: Closing Stock	10,795.14	8,904.20
Raw material consumed	52,076.76	48,548.80
Packing materials consumed	38,168.89	39,587.51
	<b>90,245.65</b>	<b>88,136.31</b>
<b>31 Purchase of Stock-in-trade</b>		
Indian made foreign liquor	871.14	664.18
Alcohol	-	246.15
Imported Liquor	581.54	754.78
	<b>1,452.68</b>	<b>1,665.11</b>
<b>32 Changes in Inventories of Finished Goods, Work-in-process and Stock-in-trade</b>		
Opening Stock		
Stock-in-trade	335.17	172.98
Finished goods	9,888.94	9,915.54
Stock in process	2,231.14	1,694.71
	<b>12,455.25</b>	<b>11,783.23</b>
<b>Less : Closing Stock</b>		
Stock-in-trade	356.42	335.17
Finished goods	10,234.16	9,888.94
Stock in process	2,306.31	2,231.14
	12,896.89	12,455.25
Increase / (Decrease) of excise duty on Finished Goods	883.71	252.82
	<b>442.07</b>	<b>(419.20)</b>

**Radico Khaitan Limited**  
**Notes forming part of the Standalone Financial Statements for the year ended**

**(Rs. in Lakhs unless otherwise stated)**  
**March 31, 2017**      **March 31, 2016**

<b>33 Employee Benefits Expense</b>		
Salaries, wages and allowances	12,957.78	11,925.33
Contribution to provident and other funds	593.32	526.85
Gratuity	46.44	4.70
Employee stock options scheme - (Refer Note 16(e))	29.40	13.76
Staff welfare expenses	407.33	363.53
	<u>14,034.27</u>	<u>12,834.17</u>
<b>34 Finance Costs</b>		
Interest expense	7,855.40	8,159.56
Other borrowing costs	183.00	315.41
	<u>8,038.40</u>	<u>8,474.97</u>
<b>35 Depreciation and amortisation expense</b>		
Depreciation of tangible assets	3,753.56	3,877.40
Amortisation of intangible assets	416.76	435.65
	<u>4,170.32</u>	<u>4,313.05</u>
<b>36 Other expenses</b>		
Power and fuel	2,775.15	2,863.09
Stores and spares consumed	2,799.52	2,837.23
Repairs and maintenance		
- Building	116.98	105.51
- Plant and equipment	1,469.31	1,367.74
- Others	218.51	200.12
Machinery and other hire charges	4.40	10.51
Insurance	484.50	366.09
Rent	665.49	522.32
Rates and taxes	4,446.16	4,565.10
Travelling - Directors	107.52	135.51
- Others	1,110.42	1,030.76
Directors' fee	18.66	15.50
Foreign exchange fluctuations (net)	(84.25)	1,977.86
Provision for Non-moving/ obsolete Inventory	1.88	-
Obsolete and non moving inventory written off	-	57.23
Less : Adjusted against provisions	-	(57.23)
Charity and donation	10.07	17.40
Corporate Social Responsibility Expenses (Refer note 48)	142.11	211.03
Provision for Expected Credit Loss (Net)	(1.29)	3,339.49
Bio composting expenses	80.81	65.89
Professional fee & retainership expenses	460.92	678.45
Communication	195.18	186.25
Sundry balances written off	12.80	93.89
Loss on sale / write off of assets	190.75	290.86
Bank charges	34.41	35.31
Other overheads	3,324.11	3,018.89
Bottling Charges	2,232.12	2,537.35
Selling and distribution:		
- Freight outwards	8,023.41	7,622.90
- Supervision charges - after sales	670.75	599.76
- Supervision charges to supervisors	770.74	788.17
- Rebate discount and allowance	2,269.59	892.02
- Advertisement & sales promotion	8,052.59	7,817.59
	<u>40,603.32</u>	<u>44,192.59</u>
<b>37 Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Actuarial (Gain) / loss on Employee Benefits	(203.69)	(246.24)
	<u>(203.69)</u>	<u>(246.24)</u>



**Radico Khaitan Limited**  
**Notes forming part of the Financial Statements**

		(Rs. in Lakhs unless otherwise stated)	
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>38 Contingent Liabilities and commitments</b>			
<b>Capital Commitments</b>			
Estimated amount of Capital commitments (Net of advances)	638.84	518.23	1,525.08
<b>Contingent Liabilities not provided for:</b>			
<b>i) Claims against the Company, not acknowledged as debts</b>			
(a) Disputed liability relating to ESI Contribution	0.89	0.89	0.89
(b) Disputed liability relating to PF contribution of contractor labour	33.04	33.04	33.04
(c) Disputed liability relating to payment of late re-calibration fees on verification and stamping of manufacturing vats/tanks installed at distillery.	88.00	88.00	88.00
(d) Disputed claim relating to refund of export duty on rectified spirit	-	10.62	10.62
(e) Disputed VAT/Sales/Entry Tax matters under appeal	138.27	1,999.75	2,078.08
(f) Disputed Excise matters	147.05	378.79	349.52
(g) Disputed Stamp duty claim arising out of amalgamation, being contested	80.00	80.00	80.00
(h) Disputed demand from customers	12.70	12.70	-
(i) Disputed customs duty	10.73	10.73	-
(j) Disputed demands on account of service tax including interest and penalty thereon for the period July 2003 to March 2012, being contested and under appeal	140.39	15,371.50	15,371.50
	<b>651.07</b>	<b>17,986.02</b>	<b>18,011.65</b>

In respect of the items above, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.

- ii) Madhya Pradesh State Industrial Development Corporation Ltd. in February 2007 demanded a sum of Rs.168.09 lakhs besides unspecified expenses arising out of the alleged non compliance of conditions relating to its holding of shares in Abhishek Cement Ltd, prior to its merger with Radico Khaitan Ltd. in the year 2002-03. The writ petition filed by Company before Madhya Pradesh high court has been partly allowed by confirming the recovery of Rs. 167.32 lakhs against the Company. However, the division bench of Madhya Pradesh High court has stayed the recovery proceedings initiated by local collector office. The court has ordered to maintain Rs. 100 lakhs in State Bank of India till the final adjudication of the matter. The matter is since sub-judice.
- iii) During the year, as a result of certain dispute between the Income Tax Department and Andhra Pradesh State Breweries Corporation Ltd (APBCL), the Department had attached the stocks lying with APBCL. Later on in the writ petition filed by the Company and on direction of Andhra Pradesh High Court the stock was sold and proceeds remitted back to the company. However in subsequent development on appeal by the Income Tax Department, the Division Bench ordered for redeposit of sales proceeds back to the separate account directed to be maintained by the Court. The Company has filed an appeal before the Hon'ble Supreme Court which stayed the re-deposit of sales proceeds. The amount of sales proceeds aggregating to Rs.588.09 lakhs may have to be redeposited back by the Company, till the disposal of the matter by the appropriate court. However, the same is recoverable from APBCL.

In respect of the items above, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.

- 39 i) The Company entered into an agreement dated November 11, 2011 for purchase of land & building for a lump sum consideration of Rs. 8000.00 Lakhs. The purchase consideration was paid subject to vacation of mortgage with payment of interest by the party on the consideration till the transfer of the property in the name of the Company. Since the party had not fulfilled the obligation, the matter was referred to an arbitrator in December 2015. Subsequently, the arbitration order was awarded on May 11, 2016 for payment of Rs. 10410 lakhs, by the party to Company, over next five year in equally yearly installments of Rs. 2082 Lakhs. Subsequently in March 2017, the party also expressed its intent to repay the entire amount to the Company by March 31, 2018.

ii) In the opinion of the Management and to the best of their knowledge and belief, the value on realisation of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.

	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>40 Dividend on Equity Shares</b>		
Dividend on Equity Shares declared and paid during the year		
Dividend of Rs 0.80 per share for financial year 2015-16 (2014-15 Rs 0.80 per share)	1,064.31	1,064.31
Dividend Distribution Tax	216.67	216.67
	<b>1,280.98</b>	<b>1,280.98</b>
Proposed dividends on Equity shares not recognised as liability		
Dividend of Rs 0.80 per share for financial year 2016-17 (2015-16 Rs 0.80 per share)	1,064.31	1,064.31
Dividend Distribution Tax	216.67	216.67
	<b>1,280.98</b>	<b>1,280.98</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at March 31. All proposed dividends were approved as proposed and paid in subsequent year.

41 Earnings per equity share (EPS) (Amount in INR)	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.	6.06	5.52
Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.	6.05	5.50
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit attributable to equity holders	8,061.25	7,344.73
<b>Profit attributable to equity holder for basic earnings</b>		
Share options	29.40	13.76
Profit attributable to equity holders adjusted for the effect of dilution	8,090.65	7,358.49
Weighted average number of Equity shares for basic EPS	133,038,765	133,038,765
Effect of dilution:		
Share options	793,125	731,250
Weighted average number of Equity shares adjusted for the effect of dilution	133,831,890	133,770,015
<b>42 Income Tax</b>		
The major components of Income Tax expense		
Standalone Statement of Profit and Loss:		
Profit or loss section		
Current Income Tax:		
Current income tax charge	1,402.00	2,735.00
Adjustments in respect of current income tax of previous year	4.34	63.00
<b>Total (A)</b>	<b>1,406.34</b>	<b>2,798.00</b>
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	1,500.48	(270.73)
Income tax expense reported in the Statement of Profit and Loss (B)	<b>1,500.48</b>	<b>(270.73)</b>
OCI section		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on re-measurements of defined benefit plans	(70.49)	(85.22)
Income tax charged to OCI	<b>(70.49)</b>	<b>(85.22)</b>
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for:-		
Differential tax impact for land indexation at a rate different from the statutory rate	44.65	59.16
Differential impact of deferred tax arising during tax holiday period	35.48	(11.39)
Amortisation of certain assets not claimed as deduction under tax	31.88	38.94
Differential impact of provisions	571.66	444.92
Loss on sale of fixed assets (net)	(50.11)	(96.43)
Deduction claimed in Tax but not in books	308.35	532.60
Others	(52.88)	(78.55)
Total (C)	889.02	889.25
<b>Total (A) + (B) + (C)</b>	<b>3,795.84</b>	<b>3,416.52</b>

Radico Khaitan Limited  
Notes forming part of the Financial Statements

(Rs. in Lakhs unless otherwise stated)

	For the year ended March 31, 2017	For the year ended March 31, 2016	
Accounting profit before tax	10,968.07	9,872.00	
Accounting profit before income tax			
At India's statutory income tax rate of 34.608% (March 31, 2016: 34.608%)	3,795.83	3,416.50	
Adjustments in respect of current income tax of previous years	-	-	
Utilisation of previously unrecognised tax losses	-	-	
Share of results of associates and joint ventures	-	-	
Non-deductible expenses for tax purposes:	-	-	
Other non-deductible expenses	-	-	
At the effective income tax rate of 34.608% (March 31, 2016: 34.608%)	<u>3,795.83</u>	<u>3,416.50</u>	
<b>Deferred tax</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 01, 2015</b>
Deferred tax relates to the following:			
Fair valuation of property, plant and equipment	(12,014.08)	(12,259.51)	(12,307.72)
Other Ind-AS adjustments (security deposit, corporate guarantee etc.)	1,496.96	1,014.65	1,762.09
Provision created under Expected credit loss	3,776.71	5,969.92	5,678.77
Tax holiday units	(187.75)	(223.23)	(187.75)
Net deferred tax assets/(liabilities)	<u>(6,928.16)</u>	<u>(5,498.16)</u>	<u>(5,054.61)</u>
Reflected in the balance sheet as follows:			
Deferred tax assets (continuing operations)	5,696.52	7,168.03	7,440.86
Deferred tax liabilities:			
Continuing operations	(12,624.67)	(12,666.19)	(12,495.47)
Deferred tax liabilities, net	<u>(6,928.16)</u>	<u>(5,498.16)</u>	<u>(5,054.61)</u>
Reconciliation of deferred tax liabilities (net):			
Opening balance	5,498.16	5,054.61	
Tax income/(expense) during the period recognised in profit or loss	1,500.48	(270.73)	
Tax income/(expense) during the period recognised in OCI	(70.49)	(85.22)	
Change in MAT Credit		799.50	
Closing balance	<u>6,928.15</u>	<u>5,498.16</u>	
The entity offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority			
Amount of MAT credit available which can be set off against future taxable profits where company is required to pay taxes under MAT.	153.00	153.00	952.50

During the year ended March 31, 2017 and March 31, 2016, the company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.



(Rs. in Lakhs unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>43 List of Investment</b>			
(i) The name of Investee		Joint Venture Radico NV Distilleries Maharashtra Limited	
(ii) The principal place of business		Aurangabad (Maharashtra)	
(iii) The ownership interest held		36%	
(iv) The method used to account for the investment		Accounted at cost	
<b>44 Commitments and contingencies</b>			
Leases	For the year ended March 31, 2017	For the year ended March 31, 2016	As at April 01, 2015
<b>A Operating lease commitments -Company as lessee</b>			
i) The Company has entered into operating leases on building and plant and machinery with lease terms between one to ten years.			
ii) The Company has paid towards minimum lease payment.	669.89	546.04	
iii) Future minimum rentals payable under non-cancellable operating leases as at March 31 are, as follows:			
Within one year	663.04	516.07	366.61
After one year but not more than five years	1170.00	1,409.87	462.90
More than five years	-	55.67	109.26
<b>B Finance lease arrangements</b>			
i) The entity has finance leases arrangements for leasehold land for multiple decade. The entity's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases arrangements together with the present value of the net minimum lease payments are, as follows:			

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	MLP	Present value of MLP	MLP	Present value of MLP	MLP	Present value of MLP
Within one year	0.25	0.22	0.25	0.22	0.27	0.24
After one year but not more than five years	1.06	0.71	1.08	0.73	1.08	0.73
More than five years	40.28	1.41	40.01	1.43	39.74	1.45

Under Ind-AS 101, entity has recorded newly classified land lease as finance lease and asset and liability are recorded at fair value as on transition date with any difference between them being recognised in retained earning.

**45 Segment reporting**  
Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Based on the management approach as defined in Ind AS 108, the Chief Operating Decision Maker evaluates the company's performance based on only one segment i.e. manufacturing and trading in Liquor & Alcohol.

**46 Related party transactions and disclosures**

**(1) Related parties and their relationship :**

- I Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :
  - (1) Sapphire Intrex Ltd.(it is amalgamated with Shailja Finance Ltd.)
  - (2) The Rampur Distillery & Chemical Company Ltd. Employees P. F. Trust
  - (3) The Rampur Distillery & Chemical Company Ltd. Employees Group Gratuity Trust
  - (4) The Rampur Distillery & Chemical Company Ltd. Employees Superannuation Scheme
- II Joint Ventures:
  - (1) Radico NV Distilleries Maharashtra Limited
- III Key Management personnel :
  - (1) Dr. Lalit Khaitan , Chairman & Managing Director
  - (2) Mr. Abhishek Khaitan , Managing Director
  - (3) Mr. K.P.Singh , Whole Time Director
  - (4) Ms. Shailja Devi , Director

Relatives :

- (1) Mrs. Deepshikha Khaitan (Wife of Mr Abhishek Khaitan)

Radico Khaitan Limited

Notes forming part of the Financial Statements

(2) Transaction with above in the ordinary course of business :		(Rs. in Lakhs unless otherwise stated)	
	For the year ended March 31, 2017	For the year ended March 31, 2016	As at April 01, 2015
<b>Key Management Personnel :</b>			
Dr. Lalit Khaitan, Chairman & Managing Director			
Remuneration			
Salary and Allowances	443.34	413.39	
Contribution to Provident and other Funds.	30.56	27.68	
Value of benefits, calculated as per Income Tax Rules	24.56	22.23	
Mr. Abhishek Khaitan, Managing Director			
Remuneration			
Salary and Allowances	419.56	392.10	
Contribution to Provident and other Funds.	29.22	26.63	
Value of benefits, calculated as per Income Tax Rules	19.89	19.14	
Mr. K.P.Singh , Whole Time Director			
Remuneration			
Salary and Allowances	160.00	138.02	
Contribution to Provident and other Funds.	6.04	5.63	
Value of benefits, calculated as per Income Tax Rules	1.70	9.55	
Mrs. Deepshikha Khaitan (wife of Mr. Abhishek Khaitan)			
Remuneration			
Salary and Allowances	11.60	11.41	
Contribution to Provident and other Funds.	1.95	1.95	
Value of benefits, calculated as per Income Tax Rules	0.91	0.93	
Ms. Shailja Devi (Daughter of Dr. Lalit Khaitan)			
Sitting Fees	1.35	0.80	
Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :			
(1) Sapphire Intrex Ltd.(it is amalgamated with Shailja Finance Ltd.)			
Security Receivable	60.00	60.00	60.00
Rent Paid (excluding service tax of Rs. 4.08 lakhs borne by the Company)	64.92	64.58	
<b>Contribution paid</b>			
(1) The Rampur Distillery & Chemical Company Ltd.	393.81	366.11	
Employees P. F. Trust			
(2) The Rampur Distillery & Chemical Company Ltd.	250.13	250.94	
Employees Group Gratuity Trust			
(3) The Rampur Distillery & Chemical Company Ltd.	89.19	82.54	
Employees Superannuation Scheme			
<b>Joint Ventures</b>			
<b>Radico NV Distilleries Maharashtra Limited</b>			
Sale of Goods	29.34	222.62	
Sale of Fixed assets	-	2.04	
Purchase of Fixed assets	-	51.00	
Loan Paid	1,000.00	-	
Loan received	1,000.00	1,000.00	
Lease rent paid	6.00	3.50	
Reimbursement of IT support charges ( Cr )	31.86	31.72	
Bottling Charges Paid	310.84	-	
Tie-up operation income	88.12	480.58	
Interest income on loan given	-	2.04	
Dividend Income on Preference Shares	200.00	600.00	
Purchase of material	2,551.50	3,026.34	
Receivable	28.34	-	2,310.52
Payable	107.26	135.96	22.79
Investment	2,000.00	2,000.00	2,000.00
Guarantee/ Security given by Radico Khaitan Limited	-	-	237.60

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no outstanding guarantees provided or received for any related party receivables or payables in the current year. However a guarantee was given on behalf of joint venture which expired during the year 2015-16. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: INR Nil, April 01, 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Radico Khaitan Limited  
Notes forming part of the Financial Statements

		(Rs. in Lakhs unless otherwise stated)	
		For the year ended March 31, 2017	For the year ended March 31, 2016
<b>47</b>	<b>Payment to Auditors</b>		
a	Audit Fee	25.50	26.50
	Certification of Statements	12.00	6.00
	Service tax	5.63	4.69
	Expenses for audit and other work	4.87	3.75
b	Cost Audit Fee	1.29	1.18
	Expenses for Cost Audit	0.10	0.06

		For the year ended March 31, 2017		For the year ended March 31, 2016	
		281.63		284.28	
i)	Gross amount required to be spent by the entity during the year	In cash/ Payable	Yet to be paid in cash	In cash/ Payable	Yet to be paid in cash
ii)	Amount spent during the year ending				
	For construction / acquisition of assets	-	-	16.68	-
	For other purposes	142.11	-	194.35	-
iii)	Unspent amount	139.52	-	73.25	-

		For the year ended March 31, 2017		For the year ended March 31, 2016	
<b>49</b>	<b>Quantitative and other information</b>				
a)	<b>Particulars of Capacity and Production</b>	Unit Per Annum			
	1. Molasses / Grain / Malt spirit *				
	KL/BL AT 94%	Licensed / Installed Capacity	102,460	102,460	
		Production	96,857	84,208	
	KL/AL	Licensed / Installed Capacity	96,312	96,312	
		Production	91,045	79,156	
	2. Bio gas		No license required		
	000 'M3	Production	37,120	29,888	
	3. Pet bottles		No license required		
	NOS./1000	Licensed / Installed Capacity	600,000	600,000	
		Production	521,854	514,325	

\* As certified by the Management and not verified by the Auditors.

b)	Opening Stock, Closing Stock & Turnover		For the year ended March 31 2017		For the year ended March 31 2016	
	Unit	Qty	Value	Qty	Value	
1. Alcohol products						
(a) Rectified spirit						
Opening Stock	KL/AL	553.00	165.37	374	117.18	
Closing Stock	KL/AL	206.10	68.02	553	165.37	
Turnover	KL/AL	304.24	88.04	722	209.51	
(b) Silent spirit						
Opening Stock	KL/AL	4,705.00	1,730.04	5,439	2,073.88	
Closing Stock	KL/AL	1,437.08	600.60	4,705	1,730.04	
Turnover	KL/AL	21,977.01	11,538.01	26,678	12,984.13	
(c) Cane juice spirit						
Turnover	KL/AL	52.45	46.19	92	65.19	
(d) Malt spirit						
Opening Stock	KL/AL	964.00	2,253.99	963	2,174.20	
Closing Stock	KL/AL	965.87	2,419.51	964	2,253.99	
Turnover	KL/AL	287.54	768.44	378	1,018.60	



Radico Khaitan Limited  
Notes forming part of the Financial Statements

	Unit	For the year ended March 31 2017		For the year ended March 31 2016	
		Qty	Value	Qty	Value
(e) Grain spirit					
Opening Stock	KL/AL	1,190.00	689.00	2,413	1,119.30
Closing Stock	KL/AL	2,453.37	1,161.52	1,190	689.00
Turnover	KL/AL	15,570.25	7,334.39	15,262	6,674.07
(f) Ethanol					
Opening Stock	KL/AL	214.26	68.80	-	-
Closing Stock	KL/AL	162.99	60.32	214	68.80
Turnover	KL/AL	11,837.38	5,001.95	2,399	1,095.40
2. Other alcohol products					
(a) Denatured spirit					
Opening Stock	KL/AL	1.00	0.29	1	0.27
Closing Stock	KL/AL	1.10	0.28	1	0.29
Turnover	KL/AL	-	-	-	-
(b) Indian made foreign liquor					
Opening Stock	KL/AL	1.30	4,899.20	948	4,326.40
Closing Stock	KL/AL	1,207.56	5,809.51	1,303	4,899.20
Turnover	KL/AL	46,140.25	317,699.32	43,015	281,015.73
(c) Country liquor					
Opening Stock	KL/AL	-	-	7	4.43
Closing Stock	KL/AL	19.73	11.00	-	-
Turnover	KL/AL	18,975.11	134,033.39	15,448	112,490.73
(d) Imported Alcoholic products					
Opening Stock	BTL	86,800	302.02	30,894	96.56
Closing Stock	BTL	79,636	296.95	86,800	302.02
Turnover	BTL	175,872	730.13	211,798	889.37
3. Pet bottles and Caps					
Opening Stock	Nos.	70	115.22	110	176.15
Closing Stock	Nos.	74	162.71	70	115.22
Turnover	Nos.	2,297	4,889.93	2,645	5,954.42
4. Jaivik Khad					
Opening Stock	Qtls	163	0.18	163	0.17
Closing Stock	Qtls	163	0.16	163	0.18
Turnover	Qtls	371,758	245.45	338,388	250.60
5. Others					
Turnover			726.44		1,148.00
6. Other operating income					
Turnover			3,693.77		3,313.18
Total:					
Opening Stock			10,224.11		10,088.52
Closing Stock			10,590.58		10,224.11
Turnover			486,795.45		427,108.93
	Unit	For the year ended March 31, 2017		For the year ended March 31, 2016	
		Quantity	Value	Quantity	Value
c) Purchases: -					
- Indian Made Foreign Liquor	Cases	45,788	871.14	38,147	664.18
- Imported Liquor	BTL	168,708	581.54	269,808	754.78
- Alcohol	BL	-	-	600,000	246.15
			1,452.68		1,665.11

(Rs. in Lakhs unless otherwise stated)

**d. Consumption of raw materials**

		For the year ended March 31, 2017		For the year ended March 31, 2016	
		Quantity	Value	Quantity	Value
(i) Molasses	Qtls	2,901,022	13,725.05	2,236,773	9,971.38
(ii) Cane juice	Qtls	12,503	56.53	13,026	50.04
(iii) Barley Malt	Qtls	19,016	536.36	18,893	492.53
(iv) Sorghum	Qtls	35,641	503.94	-	-
(v) Broken Rice	Qtls	430,175	6,699.64	722,133	9,634.97
(vi) Millet (Bajra)	Qtls	45,039	632.26	30,211	352.47
(vii) Maize	Qtls	272,139	4,124.72	84,203	1,001.37
(viii) Malt / Malt Scotch/Grain/Grape Spirits	-	-	2,992.93	-	2,970.91
(ix) Rectified spirit / Extra Neutral Alcohol	-	-	15,236.99	-	16,463.66
(x) Resin	KG	7,370,425	5,793.57	7,468,856	5,825.71
(xi) Press Mud	Qtls	1,116,520	473.38	1,539,761	666.88
(x) Others			1,301.39		1,118.88
			<b>52,076.76</b>		<b>48,548.80</b>

**50 i) Remittance in foreign currency (NIL)/ or to the mandate banks on account of dividends to non residents**

	For the year ended March 31, 2017	For the year ended March 31, 2016
(i) Number of non resident shareholders	16	16
(ii) Number of shares held by them	14,880	14,880
(iii) Dividend	0.11	0.11
(iv) Year to which the dividend relates	2015-16	2014-15

**ii) Earnings in foreign exchange - Export of goods on FOB basis**

15,588.61 19,194.59

**51 Foreign currency exposure**

**Derivatives not designated as hedging instruments**

The entity uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. However such foreign currency denominated borrowings have not been designated as hedge. Such derivatives are recorded at mark to market at each reporting date with a corresponding recognition in the statement of financial position.

Details of foreign currency exposure of the entity is as mentioned below:

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Foreign Currency	INR	Foreign Currency	INR	Foreign Currency	INR
a Borrowings against which forward contracts have been taken:						
Borrowings (including interest) - ECB						
IN USD	-	-	10.00	663.33	10.00	625.91
b Borrowings against which forward contracts have not been taken:						
Borrowings - ECB						
In USD	252.42	16,366.79	404.00	26,796.29	532.29	32,690.73
In Euro	-	-	11.11	834.35	-	-
Interest payable on ECB/FCCB (US\$)	2.33	150.97	3.61	239.20	4.17	260.99
c. Other foreign currency exposures:						
Export Receivables (US\$)	69.85	4,528.98	90.72	6,017.56	119.35	7,470.05
Export Receivables (EURO)	0.01	0.56	0.65	48.85	0.08	5.33
Advance from Customers (US\$)	-	-	-	-	100.17	6,269.53
Advance from Customers (EURO)	-	-	-	-	0.05	3.38
Advance recoverable in cash or kind (US\$)	-	-	-	-	3.24	202.79
Other receivable (US\$)	-	-	-	-	44.98	2,815.33
Other payable (US\$)	20.00	1,296.77	-	-	-	-
Balance with banks (US\$)	0.30	19.32	0.28	18.25	0.82	51.17

(Rs. in Lakhs unless otherwise stated)

**52 Financial Instruments****A- Fair values**

The carrying amount of all financial assets and liabilities except for certain other financial assets i.e. "instrument carried at fair value" appearing in the financial statement is reasonable approximation of fair value. Such investments of those financial instrument carried at fair value are disclosed below:-

Particulars	Fair value			Carrying value		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
Financial assets measured at fair value through profit and loss						
<b>Investment</b>						
Equity share	0.60	0.60	0.60	0.60	0.60	0.60
Certificate of deposit with a financial institution	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
<b>Total</b>	<u>5,000.60</u>	<u>5,000.60</u>	<u>5,000.60</u>	<u>5,000.60</u>	<u>5,000.60</u>	<u>5,000.60</u>

**B- Fair value hierarchy**

The following table provides fair value management hierarchy of the company assets:

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>			
<b>March 31, 2017</b>			
Investment			
Certificate of deposit with a financial institution	-	5,000.00	-
Equity share	-	-	0.60
<b>Total</b>	<u>-</u>	<u>5,000.00</u>	<u>0.60</u>
<b>March 31, 2016</b>			
Investment			
Certificate of deposit with a financial institution	-	5,000.00	-
Equity share	-	-	0.60
<b>Total</b>	<u>-</u>	<u>5,000.00</u>	<u>0.60</u>
<b>April 01, 2015</b>			
Investment			
Certificate of deposit with a financial institution	-	5,000.00	-
Equity share	-	-	0.60
<b>Total</b>	<u>-</u>	<u>5,000.00</u>	<u>0.60</u>

There have been no transfer between level 1, level 2 and level 3 during the period.

**C- Valuation techniques and processes used to determine fair value**

Fair value of unquoted investments, fair value is determined based on the present values, calculated using generally accepted valuation principles.

**D- Valuation inputs and relationships to fair value**

Significant unobservable inputs used in Level 3 fair value measurement.

Non current investment - Unquoted	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Fair Value	0.60	0.60	0.60
Significant unobservable inputs*			
Earnings growth rate (%)	10.00	10.00	10.00
Risk adjusted discount rate (%)	10.00	10.00	10.00

\* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

**E- Reconciliation of financial instruments categorised under level 3**

Opening	0.60	0.60	0.60
Addition	-	-	-
Gain/Loss recognised in OCI	-	-	-
Closing	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>



(Rs. in Lakhs unless otherwise stated)

### 53 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, preference shares, equity, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's business activities are exposed to a variety of financial risks, namely market risks, credit risk and liquidity risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analysis the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

#### (a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016:

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2017.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

#### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

#### Interest rate sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows

A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Increase/ (decrease) in basis points	100	(100)	100	(100)	100	(100)
Effect on profit before tax (increase)/ decrease	799.04	(799.04)	959.72	(959.72)	905.66	(905.66)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

#### (ii) Foreign currency risk

The Indian Rupee is the entity's most significant currency. As a consequence, the entity's results are presented in Indian Rupee and exposures are managed against Indian Rupee accordingly. The entity has limited foreign currency exposure which are mainly on account ECB loan, purchases and exports.

The company has hedged 0.00% as at 31-Mar-2017 (1.75% as at 31-Mar-2016, 1.56% as at 01-Apr-2015) of its ECB loan to minimize the risk. Purchase and export has short recovery cycle and counter each other reducing the foreign currency risk.

#### Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of liabilities

Sensitivity to risk	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Increase/ (decrease) in Currency rate (USD)	2.75%	(2.75%)	2.75%	(2.75%)	2.75%	(2.75%)
Effect on profit before tax increase/ (decrease)	(364.81)	364.81	(599.09)	599.09	(788.70)	788.70

(Rs. in Lakhs unless otherwise stated)

**(iii) Equity price risk**

The entity's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the entity's senior management on a regular basis. The entity's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was Rs. 0.60 lakhs.

**(b) Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

**Trade receivables and loans**

Credit risk is managed by entity subject to the entity's established policy, procedures and control relating to credit risk management. Credit quality is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and loans are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for receivables and loans. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note below. The entity does not hold collateral as security. The entity evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and has been rated highly based on internal credit assessment parameters.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the entity's treasury department in accordance with the entity's policy. Counterparty credit limits are reviewed by the entity's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2017 and March 31, 2016 is the carrying amounts as illustrated in note below.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security deposits	7432.68	6719.00	1343.13
Bank deposits	87.58	178.63	223.30
Trade receivables	62,401.07	61,092.56	52,647.78
Cash and cash equivalents	1,406.78	1,270.25	1,172.34
Loans to related parties	28.35	-	1,029.07
Inter corporate deposits	10,085.00	9,695.00	16,990.00
Investment in preference share	2,000.00	2,000.00	2,000.00
Total	<u>83,441.46</u>	<u>80,955.44</u>	<u>75,405.62</u>

(Rs. in Lakhs unless otherwise stated)

### (c) Liquidity Risk

The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Payable within one year	Payable within one year to five years	Total
As at March 31, 2017:			
Term loans from banks	14,482.15	10,427.68	24,909.83
Short term loan	55,090.67	-	55,090.67
Trade payables	18,532.34	-	18,532.34
Other Financial Liabilities	1,056.36	60.00	1,116.36
As at March 31, 2016:			
Term loans from banks	14,392.34	19,573.35	33,965.69
Short term loan	62,005.82	-	62,005.82
Trade payables	17,601.02	-	17,601.02
Other Financial Liabilities	967.27	113.59	1,080.86
As at April 01, 2015:			
Term loans from banks	11,082.76	32,102.12	43,184.88
Short term loan	47,380.73	-	47,380.73
Trade payables	15,653.22	-	15,653.22
Other Financial Liabilities	1,089.48	70.61	1,160.09

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the entity's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the entity's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

### Collateral

The Company has create a charge in favor of the lenders for loans. Refer note 18 and 23 on Borrowings for details.

### 54. Post-employment benefit plans

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Gratuity	110.83	355.89	292.70
Leave Encashment	1,130.00	987.51	810.10
Total	<u>1,240.83</u>	<u>1,343.40</u>	<u>1,102.80</u>

The entity has a defined benefit plans for Gratuity, Provident Fund and Leave Encashment. For provident fund, entity makes contribution to provident fund trust. Gratuity plan is funded with LIC and requires contributions to be made to a separate fund administered by LIC. Leave encashment liability of the entity is unfunded. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Each year, the Board of Trustees reviews the level of funding in the Gratuity plan and Provident fund. Such a review includes the asset-liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of this annual review. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans.



(Rs. in Lakhs unless otherwise stated)

## Changes in the defined benefit obligation and fair value

	Defined benefit obligation	Gratuity Fair value of plan assets	Benefit liability	Defined benefit obligation	Leave Encashment Fair value of plan assets	Benefit liability
<b>April 01, 2016</b>	(1,732.34)	1,376.44	(355.89)	(987.51)	-	(987.51)
Cost charged to profit or loss						
Service cost	(125.24)	-	-	(106.63)	-	-
Net interest expense	(138.59)	110.12	-	(79.00)	-	-
Sub-total included in profit or loss	<b>(263.83)</b>	<b>110.12</b>	<b>(153.71)</b>	<b>(185.63)</b>	-	-
Benefits paid	81.93	(81.93)	-	126.17	-	-
Remeasurement gains/(losses) in other comprehensive income	-	-	-	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	(2.23)	-	-	-	-
Actuarial changes arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial changes arising from changes in financial assumptions	(73.11)	-	-	(44.50)	-	-
Experience adjustments	(45.33)	-	-	(38.52)	-	-
Sub-total included in OCI	<b>(118.44)</b>	<b>(2.23)</b>	<b>(120.68)</b>	<b>(83.02)</b>	-	<b>(83.02)</b>
Contributions by employer	-	519.45	519.45	-	-	-
March 31, 2017	<b>(2,032.68)</b>	<b>1,921.84</b>	<b>(110.83)</b>	<b>(1,130.00)</b>	-	<b>(1,130.00)</b>

	Defined benefit obligation	Gratuity: Fair value of plan assets	Benefit liability	Defined benefit obligation	Leave Encashment: Fair value of plan assets	Benefit liability
<b>April 01, 2015</b>	(1467.78)	1175.08	(292.70)	(810.10)	-	(810.10)
Cost charged to profit or loss						
Service cost	(107.15)	-	-	(91.28)	-	-
Net interest expense	(117.42)	94.01	-	(62.78)	-	-
Sub-total included in profit or loss	<b>(224.57)</b>	<b>94.01</b>	<b>(130.56)</b>	<b>(154.06)</b>	-	<b>(154.06)</b>
Benefits paid	89.47	(89.47)	-	102.51	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	9.08	-	-	-	-
Remeasurement gains/(losses) in other comprehensive income	-	-	-	-	-	-
Actuarial changes arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial changes arising from changes in financial assumptions	(88.49)	-	-	(0.48)	-	-
Experience adjustments	(40.97)	-	-	(125.38)	-	-
Sub-total included in OCI	<b>(129.46)</b>	<b>9.08</b>	<b>(120.38)</b>	<b>(125.86)</b>	-	<b>(125.86)</b>
Contributions by employer	-	187.74	187.74	-	-	-
March 31, 2016	<b>(1732.34)</b>	<b>1376.44</b>	<b>(355.89)</b>	<b>(987.51)</b>	-	<b>(987.51)</b>

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Funds Managed by Insurer	1,921.84	1,376.44	1,175.08
Total	<b>1,921.84</b>	<b>1,376.44</b>	<b>1,175.08</b>

## The principal assumptions used in post-employment

	For the year ended March 31, 2017 %	For the year ended March 31, 2016 %
Discount rate:		
Gratuity	7.50%	8.00%
Leave Encashment	7.50%	8.00%
Future salary increases:		
Gratuity	5.50%	5.50%
Provident Fund	5.50%	5.50%
Leave Encashment		
Mortality rate:		
Gratuity	100% of IALM (2006 - 08)	
Leave Encashment	100% of IALM (2006 - 08)	

(Rs. in Lakhs unless otherwise stated)

A quantitative sensitivity analysis for significant assumption

	Gratuity		Leave Encashment	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Assumption: -	Discount Rate		Discount Rate	
Sensitivity Level	0.50%	0.50%	0.50%	0.50%
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	<u>(70.29)</u>	<u>76.61</u>	<u>(44)</u>	<u>48</u>
Assumption	Future Salary Increase		Future Salary Increase	
Sensitivity Level	0.50%	0.50%	0.50%	0.50%
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	<u>77.75</u>	<u>(71.89)</u>	<u>48.69</u>	<u>(45.52)</u>

The sensitivity analyses above have been determined

Expected contribution to post employment benefit plans for the next Annual reporting period is Rs. 316.50 lakhs (Rs. 140.12 lakhs and Rs. 176.38 lakhs is for Gratuity and Leave encashment respectively).

The following payments are expected contributions to the defined benefit plan in future years:

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
	Gratuity		Leave Encashment	
Within the next 12 months (next annual reporting period)	302.81	54.61	291.82	269.79
Between 2 and 5 years	680.88	866.92	153.73	118.20
Beyond 5 years	1,048.99	810.81	684.44	599.52
Total expected payments	<u>2,032.68</u>	<u>1,732.34</u>	<u>1,130.00</u>	<u>987.51</u>
The average duration of the Gratuity and leave encashment at the end of the reporting period	19.83 years	18.94 years	18.39 year	18.83 year

#### 55 Information under 186(4) of the Companies Act, 2013

	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Loans given:		
i) To a Joint Venture Company (interest free working capital advance)		
Opening Balance	-	1,000.00
Given during the year	1,000.00	-
Received during the year	1,000.00	1,000.00
Closing Balances	<u>-</u>	<u>-</u>
ii) In the form of unsecured short-term Inter corporate Deposits *		
Opening Balance	9,695.00	16,990.00
Given during the year	1,750.00	3,550.00
Received during the year	1,360.00	10,845.00
Closing Balances	<u>10,805.00</u>	<u>9,695.00</u>

(b) Investments made - as disclosed under Note.3,4 & 9

Guarantee given: - as disclosed in Note no.38(iv)

\* Notes:

All loans are given to unrelated entities at interest rates ranging from 11% to 14%

All the loans are provided for business purposes of respective entities, repayable on demand with prepayment option to the borrower.

#### 56 Capital management

For the purpose of the entity's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the entity's capital management is to maximise the shareholder value.

The entity's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital employed as well as the level of dividend to shareholders.

The entity manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The entity monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. The entity's policy is to keep the debt equity ratio between 70% and 100%. The entity includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

(Rs. in Lakhs unless otherwise stated)

The Company's debt equity ratio was as follows:

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Particulars</b>			
Borrowings	79,903.59	95,971.51	90,565.61
Less: Cash and cash equivalents	1,406.78	1,270.25	1,172.34
<b>Net debt</b>	<b>78,496.81</b>	<b>94,701.26</b>	<b>89,393.27</b>
Equity Capital	2,660.78	2,660.78	2,660.78
Other Equity	100,327.89	93,651.42	93,651.42
Total Equity	102,988.67	96,312.20	96,312.20
<b>Debt Equity Ratio</b>	<b>76.22%</b>	<b>98.33%</b>	<b>92.82%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current quarter. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

**57 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)**

During the year, the Company had specified bank notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017, on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	26.58	5.02	31.60
(+) Permitted receipts		65.19	65.19
(-) Permitted payments		56.22	56.22
(-) Amount deposited in Banks	26.58	-	26.58
Closing cash in hand as on December 30, 2016	-	13.99	13.99

As per our report of even date

For and on behalf of Board of Directors

For BGJC & Associates LLP  
Chartered Accountants  
Firm Regn. No. 003304N

**Dilip K. Banthiya**  
Chief Financial Officer

**Dr. Lalit Khaitan**  
Chairman & Managing Director

Darshan Chhajjer  
Partner  
Membership No. 088308

**Amit Manchanda**  
Vice president - Legal &  
Company Secretary

**Abhishek Khaitan**  
Managing Director

Place : New Delhi  
Dated : May 23, 2017

**Ajay K. Agarwal**  
President (Finance & Accounts)

Director



## INDEPENDENT AUDITORS' REPORT

### To the Members of Radico Khaitan Limited

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Radico Khaitan Limited (hereinafter referred to as "the Company") and its Joint Venture (the Company and its Joint Venture together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors of the companies included in the Group are responsible for design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with provisions of the Act, the respective Board of Directors of the company, joint venture, which are incorporated in India are responsible for maintenance of adequate accounting records; safeguarding of the assets; preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind-AS financial statements, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matter' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor's on separate financial statements of the joint venture as noted below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2017, their consolidated profit, their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Other Matter

The consolidated Ind AS financial Statement include share of net profit of Rs. 9.80 lakhs for the year ended March 31, 2017 as considered in the consolidated Ind AS financial statement, in respect of joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report and additional information thereon have been furnished to us and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of joint venture, are based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the report of the other auditor;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. On the basis of written representations received from the directors of the Company as on March 31, 2017 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of joint venture incorporated in India, none of the directors of such companies, is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group, which are incorporated in India, as at March 31, 2017, in conjunction with our audit of the consolidated Ind AS financial statements of the group, for the year ended on that date and, we give our separate Report is in "Annexure-1".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The impact of pending litigations on the consolidated financial position of the Group, has been disclosed as detailed in Note 38 to the consolidated Ind AS financial statements;
  - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the group; and
  - iv. The Company and its joint venture entity incorporated in India have provided the requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the Company and its joint ventures, Refer note no. 59.

For BGJC & Associates LLP  
Chartered Accountants  
Firm Registration No. 003304N

Darshan Chhajer  
Partner

Place: New Delhi  
Date:- May 23, 2017

Membership Number: 088308

## Annexure 1 to Independent Auditors' Report

Referred to in paragraph under report on others Other Legal and Regulatory Requirements in Independent Auditors' Report of even date to the members of Radico Khaitan Limited on the **consolidated** Ind AS financial statements for the year ended March 31, 2017.

### Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the companies act 2013 "the Act"

We have audited the internal financial controls over financial reporting of Radico Khaitan Limited (hereinafter referred to as "the Company") and its Joint Venture (the Company and its joint venture together referred to as "the Group"), which are incorporated in India as at March 31, 2017 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company, its joint venture, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of company, its joint venture as aforesaid, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the others auditors in terms of their report referred to in the others matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system over financial reporting of the company, its joint venture as aforesaid.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.



### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion and based on the consideration of the reports of other auditor referred to in the 'Other Matter' paragraph below, the company, joint venture, which are incorporated in India, have, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of

internal control stated in the Guidance Note issued by the ICAI.

### **Other Matters**

We did not audit the internal financial controls over financial reporting insofar as it relates to joint venture, which are incorporated in India, in respect of which, the Group's share of net profit of Rs. 9.80 lakhs for the year ended March 31, 2017 has been considered in the consolidated Ind AS financial statement. Our report on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the aforesaid entities, is based solely on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of the above matter.

For BGJC & Associates LLP  
Chartered Accountants  
Firm Registration No. 003304N

Place: New Delhi  
Date:- May 23, 2017

Darshan Chhajer  
Partner  
Membership Number: 088308

**Radico Khaitan Limited**  
**Consolidated Balance Sheet as at**

Particulars	Note No.	March 31, 2017	(Rs. in Lakhs unless otherwise stated)	
			March 31, 2016	April 01, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	68,287.20	70,449.67	70,454.56
Capital work-in-progress		220.13	190.89	80.30
Intangible assets	2	2,094.81	2,488.95	2,895.57
Financial assets				
Investment in a joint venture	3	16,962.16	16,956.36	16,488.02
Investment in others	4	0.60	0.60	0.60
Loans	5	6,330.19	5,616.42	1,643.87
Others	6	91.81	194.55	226.43
Other non-current assets	7	4,739.24	5,556.27	10,868.13
		<u>98,726.14</u>	<u>101,453.71</u>	<u>102,657.48</u>
<b>Current assets</b>				
Inventories	8	29,303.32	27,409.34	25,675.34
Financial assets				
Investments	9	5,000.00	5,000.00	5,000.00
Trade receivables	10	62,401.07	61,092.56	52,647.78
Cash and cash equivalents	11	1,406.78	1,270.25	1,172.34
Loans	12	15,365.92	16,824.97	13,353.59
Others	13	810.31	936.83	2,312.02
Current Tax assets (Net)	14	413.51	308.44	231.64
Other current assets	15	10,014.67	18,220.89	20,658.95
		<u>124,715.58</u>	<u>131,063.28</u>	<u>121,051.66</u>
<b>Total</b>		<u>223,441.72</u>	<u>232,516.99</u>	<u>223,709.14</u>
<b>EQUITY AND LIABILITIES</b>				
Equity				
Equity share capital	16	2,660.78	2,660.78	2,660.78
Other Equity	17	101,751.52	95,069.25	88,684.42
		<u>104,412.30</u>	<u>97,730.03</u>	<u>91,345.20</u>
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	18	10,330.77	19,573.35	32,102.12
Others	19	60.00	113.59	70.61
Provisions	20	837.13	717.72	588.70
Deferred tax liabilities (Net)	21	6,928.16	5,498.16	5,054.61
Other non current liabilities	22	19.05	2.40	2.34
		<u>18,175.11</u>	<u>25,905.22</u>	<u>37,818.38</u>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	23	55,090.67	62,005.82	47,380.73
Trade payables				
Total outstanding dues of micro enterprises and small enterprise's		-	-	-
Other Enterprises	24	18,532.34	17,601.02	15,653.22
Others	25	15,538.51	15,359.61	12,172.24
Provisions	26	4,022.03	3,365.25	3,000.85
Other current liabilities	27	7,670.76	10,550.04	16,338.52
		<u>100,854.31</u>	<u>108,881.74</u>	<u>94,545.56</u>
<b>Total</b>		<u>223,441.72</u>	<u>232,516.99</u>	<u>223,709.14</u>

Significant Accounting Policies 1  
Other Notes on Accounts 2-59

**As per our report of even date**

For BGJC & Associates LLP  
Chartered Accountants  
Firm Regn. No. 003304N

Darshan Chhajer  
Partner  
Membership No. 088308

Place : New Delhi  
Dated : May 23, 2017

Dilip K. Banthiya  
Chief Financial Officer

Amit Manchanda  
Vice President - Legal &  
Company Secretary

Ajay K. Agarwal  
President (Finance & Accounts)

For and on behalf of Board of Directors

Dr. Lalit Khaitan  
Chairman & Managing Director

Abhishek Khaitan  
Managing Director

Director

**Radico Khaitan Limited**

(Rs. in Lakhs unless otherwise stated)

**Consolidated Statement of Profit and Loss for the year ended**

	Note No.	March 31, 2017	March 31, 2016
<b>INCOME</b>			
Revenue from operations	28	486,795.45	427,108.93
Other income	29	1,964.65	3,886.65
<b>Total</b>		<b>488,760.10</b>	<b>430,995.58</b>
<b>EXPENSES</b>			
Cost of materials consumed	30	90,245.65	88,136.31
Excise duty		318,805.32	261,926.58
Purchase of stock-in-trade	31	1,452.68	1,665.11
Change in inventories of finished goods, work-in-progress and stock-in-trade	32	442.07	(419.20)
Employee benefits expense	33	14,034.27	12,834.17
Finance costs	34	8,038.40	8,474.97
Depreciation and amortization expense	35	4,170.32	4,313.05
Other expenses	36	40,603.32	44,192.59
<b>Total</b>		<b>477,792.03</b>	<b>421,123.58</b>
<b>Profit for the year before tax and share of Joint Venture</b>		10,968.07	9,872.00
Add: Share in profits of Joint Venture		9.80	469.72
<b>Profit for the year before tax</b>		10,977.87	10,341.72
<b>Less : Tax expense</b>			
- Current tax		1,402.00	2,735.00
- Deferred tax liability / (assets)		1,500.48	(270.73)
- Tax for previous Years		4.34	63.00
<b>Profit for the period from continuing operations</b>		<b>8,071.05</b>	<b>7,814.45</b>
<b>Other comprehensive income</b>	37		
Items that will not be reclassified to profit or loss		(203.69)	(246.24)
Income tax relating to items that will not be reclassified to profit or loss		70.49	85.22
Share in other comprehensive income of Joint venture (Net of taxes)		(4.00)	(1.39)
<b>Total other comprehensive income</b>		<b>(137.20)</b>	<b>(162.41)</b>
<b>Total comprehensive income for the period (Comprising profit and other comprehensive income for the period)</b>		<b>7,933.85</b>	<b>7,652.04</b>
Basic Earnings per share in Rs. (face value of Rs. 2/- each)	41	6.07	5.87
Diluted Earnings per share in Rs. (face value of Rs. 2/- each)	41	6.05	5.85
Significant Accounting Policies	1		
Other Notes on Accounts	2-59		

As per our report of even date

For BGJC & Associates LLP  
Chartered Accountants  
Firm Regn. No. 003304N

Dilip K. Banthiya  
Chief Financial Officer

Dr. Lalit Khaitan  
Chairman & Managing Director

Darshan Chhajer  
Partner  
Membership No. 088308

Amit Manchanda  
Vice President - Legal &  
Company Secretary

Abhishek Khaitan  
Managing Director

Place : New Delhi  
Dated : May 23, 2017

Ajay K. Agarwal  
President (Finance & Accounts) Director



**Radico Khaitan Limited**  
**Consolidated Cash Flow Statement for the year ended**  
**March 31, 2017**

(Rs. In Lakhs unless otherwise stated)

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
<b>A. Cash Flow from operating activities</b>		
Profit before tax	10,977.87	10,341.72
Adjustments for		
Depreciation and amortization cost	4,170.32	4,313.05
Profit on sale of fixed assets	(45.97)	(12.22)
Loss on sale of fixed assets	190.75	290.86
Interest cost	8,038.40	8,474.97
Interest income	(1,823.64)	(3,749.62)
Provision for expected credit loss (Net)	(28.95)	3,364.69
Dividend income on non current trade investment	(200.00)	(200.00)
Change in other comprehensive income	(207.69)	(247.63)
<b>Operating profit before working capital changes</b>	<b>21,071.09</b>	<b>22,575.82</b>
<b>Changes in working capital</b>		
Decrease/ (Increase) in Inventories	(1,893.98)	(1,734.00)
Decrease/ (Increase) in Trade Receivables	(1,279.56)	(11,809.47)
Decrease/ (Increase) in current financial assets (loans)	1,459.05	(3,471.38)
Decrease/ (Increase) in other current assets	8,206.22	2,438.06
Decrease/ (Increase) in non current financial assets (loans)	(713.77)	(3,972.55)
Decrease/ (Increase) in other non current assets	770.82	(2,185.42)
Increase/ (Decrease) in non current financial liabilities (others)	(53.59)	42.98
Increase/ (Decrease) in other non current liabilities	16.65	0.06
Increase/ (Decrease) in long term provisions	119.41	129.02
Increase/ (Decrease) in short term provisions	656.78	364.40
Increase/ (Decrease) in current Trade Payables	931.32	1,947.80
Increase/ (Decrease) in current financial liabilities (others)	67.55	(95.95)
Increase/ (Decrease) in other current liabilities	(2,879.28)	(5,788.48)
<b>Cash generated from operations</b>	<b>26,478.71</b>	<b>(1,559.11)</b>
Net income tax paid	(1,511.41)	(2,075.30)
<b>Net Cash flow from operating activities (A)</b>	<b>24,967.30</b>	<b>(3,634.41)</b>
<b>B. Cash flow from investing activities</b>		
Addition of fixed assets (tangible)	(1,876.44)	(4,173.81)
Addition of fixed assets (Intangible)	(22.62)	(29.03)
Sale of fixed assets	140.57	22.66
Investment in CWIP	(29.24)	(110.59)
Interest received during the year	1,961.85	4,708.89
Dividend received during the year	200.00	600.00
Capital expenditure on fixed assets including capital advances	46.21	7,497.28
Fixed deposits matured during the year	91.05	47.80
Bank balances not considered as cash and cash equivalents		
in unpaid dividend account	(11.99)	(12.71)
Investment in Joint Venture	(5.80)	(468.34)
<b>Net Cash flow from Investing activities (B)</b>	<b>493.59</b>	<b>8,082.15</b>
<b>C. Cash flow from financing activities</b>		
Change in Employee stock option outstanding	29.40	13.76
Net Loans (repaid)/taken during the year	(14,087.86)	1,107.03
Dividend paid including taxes	(1,280.98)	(1,280.98)
Changes in unpaid dividend	11.98	12.71
Interest paid during the year	(8,028.84)	(8,513.94)
<b>Net Cash flow from financing activities (C)</b>	<b>(23,356.30)</b>	<b>(8,661.42)</b>

**Radico Khaitan Limited**  
**Consolidated Cash Flow Statement for the year ended**  
**March 31, 2017**

(Rs. In Lakhs unless otherwise stated)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	2,104.59	(4,213.67)
Cash and cash equivalents at the beginning of the year	(33,527.58)	(29,313.91)
Cash and cash equivalents at the end of the year	<u>(31,422.99)</u>	<u>(33,527.58)</u>
Reconciliation of Cash and cash equivalents		
Cash in hand	25.92	32.53
Bank Balance		
In Current account	785.17	707.85
In term deposits	553.20	590.42
Cash Credit	(32,699.70)	(34,679.75)
Deposits with more than 12 months maturity	(87.58)	(178.63)
<b>Total Cash and Cash equivalents</b>	<u><b>(31,422.99)</b></u>	<u><b>(33,527.58)</b></u>

As per our report of even date

For and on behalf of Board of Directors

For BGJC & Associates LLP  
Chartered Accountants  
Firm Regn. No. 003304N

**Dilip K. Banthiya**  
Chief Financial Officer

**Dr. Lalit Khaitan**  
Chairman & Managing Director

Darshan Chhajer  
Partner  
Membership No. 088308

**Amit Manchanda**  
Vice president - Legal &  
Company Secretary

**Abhishek Khaitan**  
Managing Director

Place : New Delhi  
Dated : May 23, 2017

**Ajay K. Agarwal**  
President (Finance & Accounts)

**Director**

Radico Khaitan Limited		(Rs. in Lakhs unless otherwise stated)		
Consolidated Statement of changes in equity for the year ended March 31, 2017		March 31, 2017	March 31, 2016	April 1, 2015
A. Equity Share Capital		March 31, 2017	March 31, 2016	April 1, 2015
Particulars				
At the beginning of the year		2,660.78	2,660.78	2,660.78
Changes in Equity Share capital during the year		-	-	-
At the end of the year		2,660.78	2,660.78	2,660.78
B. Other Equity				
Particulars		Reserves and Surplus		
		Securities Premium Reserve	General Reserves	Retained Earnings
Balance as at April 01, 2015		37,469.28	35,000.00	16,174.05
Profit/ (Loss) for the year (1)				7,814.45
Other Comprehensive Income / (loss) (2)				(162.41)
Total Comprehensive Income/ (loss) (1+2)				7,652.04
Dividends including tax thereon (refer note no. 40)				(1,280.98)
Transfer to general reserve			5,000.00	(5,000.00)
Share based payments				13.76
Balance as at March 31, 2016		37,469.28	40,000.00	17,545.12
Profit/ (Loss) for the year (1)				8,071.05
Other Comprehensive Income / (loss) (2)				(137.20)
Total Comprehensive Income/ (loss) (1+2)				7,933.85
Dividends including tax thereon (refer note no. 40)				(1,280.98)
Share based payments				29.40
Balance as at March 31, 2017		37,469.28	40,000.00	24,197.99
Note: Remeasurement of net defined benefit plans, fair value changes relating to own credit risk and share of Other Comprehensive Income in Associates and Joint Ventures shall be recognised as a part of retained earnings with separate disclosure of such items along with the relevant amounts in the notes.				101,751.52

The accompanying notes are an integral part of the financial statements  
As per our report of even date

For BGJC & Associates LLP  
Chartered Accountants  
Firm Regn. No. 003304N

Darshan Chhajer  
Partner  
Membership No. 088308

Place : New Delhi  
Dated : May 23, 2017

For and on behalf of Board of Directors

Dr. Lalit Khaitan  
Chairman & Managing Director

Abhishek Khaitan  
Managing Director

Director

Dilip K. Banthiya  
Chief Financial Officer

Amit Manchanda  
Vice president - Legal &  
Company Secretary

Ajay K. Agarwal  
President (Finance & Accounts)



**Radico Khaitan Limited****Notes to the Consolidated financial statements for the year ended March 31, 2017****Background**

Radico Khaitan Limited (the Company) is a company limited by shares, incorporated and domiciled in India. The Company is engaged in the manufacturing and trading of Alcoholic product such as IMFL, Alcohol, Country Liquor etc. The Company sells its products in India as well as various other global markets. The joint venture is in the business of manufacturing of potable and industrial alcohol and also bottling of IMFL for other brand owners, country liquor and allied activities.

**Significant Accounting Policies****1.01 Basis of preparation**

The consolidated financial statements of the Company, its joint venture (together referred to as the "Group"), comprising of Consolidated Balance Sheet and Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity, Statement of Consolidated Cash Flows together with the consolidated notes have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2016, the group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These consolidated financial statements for the year ended March 31, 2017 are the first the group has prepared in accordance with Ind AS. Refer to note 1.26 for information on how the group has adopted Ind AS.

The Consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Defined benefit plans,
- Share Based Payments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

**1.02 Current versus non-current classification**

The group presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

**1.03 Fair value measurement**

The group measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics

and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 1.04 Foreign Currency Transactions

The Consolidated financial statements are presented in INR, which is also its functional currency.

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the day of transaction. The outstanding liabilities/receivables are translated at the year end rates.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction. Any gain or losses arising on translation or settlement are recognised in the Statement of Profit and Loss as per the requirements of Ind AS 21.

#### 1.05 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government with an exception to excise duty. The group has concluded that the group is the principal in all of its revenue arrangements with tie up units, since the group is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. In arrangements with tie up units revenue is recognised at gross value with corresponding cost being recognised under cost of production.

However, in case of revenue arrangements with royalty units, the group has concluded that the group is acting as an agent in all such revenue arrangements since the company is not the primary obligor in all such revenue arrangements, has no pricing latitude and is not exposed to inventory and credit risks. group earns fixed royalty for sales made of its products which is recognised as revenue.

The group has assumed that recovery of excise duty flows to the group on its own and liability for excise duty forms part of the cost of production,

irrespective of whether the goods are sold or not. Revenue therefore includes excise duty.

### **Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

### **Interest income**

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Statement of Profit and Loss.

### **Royalty**

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

### **Export incentives**

Income from export incentives such as duty drawback etc. are recognised on accrual basis.

### **Dividends**

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

## **1.06 Excise Duty**

In respect of stocks covered by Central Excise, excise duty is provided on closing stocks and also considered for valuation. In respect of country liquor and IMFL stocks, applicable State excise duty/ export duty is provided on the basis of state-wise dispatches identified. In the case of Rectified Spirit/ ENA, it is not ascertainable as to how much would be converted finally into country liquor or IMFL or sold as such and also to

which particular state or exported outside India. Duty payable in such cases is not determinable (as it varies depending on the places and the form in which these are dispatched). Hence, the excise duty on such stocks lying in factory is accounted for on clearances of such goods. The method of accounting followed by the group has no impact on the financial statements.

## **1.07 Government Grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attached conditions are complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by Governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a Government grant. The loan or assistance is initially recognised and measured at fair value and the Government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial instruments.

## **1.08 Taxes**

### **Current Income Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying

transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is

reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable group and the same taxation authority.

### 1.09 Property, plant and equipment

Property, plant and equipment have been measured at fair value at the date of transition to Ind AS. The group recognises the fair value as deemed cost at the transition date, viz., April 01, 2015.

Assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress is stated at cost, less accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. When significant parts of plant and equipment are required to be



replaced at intervals, the group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. Refer to note 1.24 regarding significant accounting judgements, estimates and assumptions.

### Depreciation

Cost of leasehold land and leasehold improvements are amortised over the period of lease.

Depreciation is provided as per Schedule II to the Companies Act, 2013, on straight line method with reference to the useful life of the assets specified therein.

On additions costing less than Rs. 5000, depreciation is provided at 100% in the year of addition.

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 1.10 Intangible assets

On transition to Ind AS, the group has elected to continue with the carrying value of all of intangible assets (except goodwill which has been impaired) recognised as at 01 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication

that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

### Amortization

Based on the anticipated future economic benefits, the life of Brands & Trade Marks are amortised over twenty years on straight line method.

Software are amortised over a period of three years on straight line method.

### 1.11 Investment in Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have the rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

As a result the assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognize the group's share of the profit or loss and other comprehensive income of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment.

An investment in a joint venture is accounted for using the equity method from the date on

which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

The Group ceases to equity account for an investment if it loses joint control or significant influence over such equity accounted investee. When the group ceases to equity account for an investee, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest in the investee. In addition, any amounts previously recognised in other comprehensive income in respect of that investee are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit and loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified.

### 1.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that a group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 1.13 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker,

in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

### 1.14 Inventories

Finished goods and stock-in-process are valued at lower of cost or net realisable value. Cost includes cost of conversion and other expenses incurred in bringing the goods to their location and condition. Raw materials, packing materials, stores and spares are valued at lower of cost or net realisable value. Cost is ascertained on "moving weighted average" basis for all inventories.

### 1.15 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2015, the group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the group's general policy on the borrowing costs (See note 1.12). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

As on transition date, the group has newly classified a land lease as a finance lease and has recognised such asset and liability at fair value with differential being recognised in retained earnings.

Operating lease rentals are charged off to the Statement of Profit and Loss.

### 1.16 Impairment of non-financial assets

At each reporting date, the group reviews the carrying amount of its assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

### 1.17 Provisions, Contingent Liabilities and Contingent Assets

#### Provisions

Provision are recognised when the group has a present obligation (legal or constructive) as a

result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a Consolidated asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Contingent liability and Contingent Assets

Contingent liabilities are not recognised but are disclosed where possibility of any outflow in settlement is remote.

Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable.

### 1.18 Employee benefits

#### Short-term obligations

Liabilities for salaries and wages, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised up to the end of the reporting period and are measured at the amounts expected to be paid on settlement of such liabilities. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

#### Other long-term employee benefit obligations

The liabilities for earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes

in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet since the group does not have an unconditional right to defer the settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### Post-employment obligations

The group operates the following post-employment schemes:

- Defined benefit plans in the form of gratuity, and
- Defined contribution plans such as provident fund and pension fund.

### Gratuity obligations

The group operates a defined benefit gratuity plan for employees. The group has obtained group gratuity scheme policies from Life Insurance Corporation of India to cover the gratuity liability of these employees. The difference in the present value of the defined benefit obligation and the fair value of plan assets at the end of the reporting period is recognised as a liability or asset, as the case may be, in the Balance Sheet. The defined benefit obligation is calculated annually on the basis of actuarial valuation using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

### Defined contribution plans

The group makes contribution to statutory provident fund and pension funds as per local regulations. The group has no further payment obligations once the contributions have been

paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## 1.19 Share-based payments

Employees of the group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of the options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the option granted:

- including any market performance conditions (e.g., the Company's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining and employee of the group over a specified time period), and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or holding shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## 1.20 Earnings Per Share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the group by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares



that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 1.21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of Profit and Loss.

### A. Financial Assets

#### Subsequent measurement

Financial assets are subsequently classified as measured at

amortised cost

fair value through other comprehensive income (FVTOCI)

fair value through profit or loss (FVTPL)

#### Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses (ECL). The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument

#### Financial assets measured at amortised cost:

A financial asset is measured at amortised cost if both the following conditions are met:

a). The asset is held within a business model

whose objective is to hold assets for collecting contractual cash flows, and

b). Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables, loans, etc.

#### Measured at fair value through other comprehensive income:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

#### Measured at fair value through profit or loss:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent

consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

### **Derecognition**

The group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the same are transferred.

### **Impairment of financial assets**

Expected credit losses (ECL) are recognised for all financial assets subsequent to initial recognition other than financials assets in FVTPL category.

For financial assets, as per Ind AS 109, the group recognises 12 months expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition.

The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

## **B. Financial liabilities**

### **Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

### **Derecognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

### **Reclassification of financial assets**

The group recognition, no reclassification is made

for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses).

## **C. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **1.22 Derivative financial instruments**

The group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## **1.23 Cash and cash equivalents**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

## **1.24 Significant accounting judgements, estimates and assumptions**

The preparation of the Consolidated financial statements requires management to make

judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and current liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

### **Judgements**

In the process of applying the accounting policies, management has made the following judgements, which have significant effect on the amounts recognised in the Consolidated financial statements:

#### **a) Arrangement containing lease**

The group applies Appendix C of Ind AS 17, "Determining Whether an Arrangement Contains a Lease", to contracts entered with contract bottling units. Appendix C deals with the method of identifying and recognizing service, purchase and sale contracts that do not take the legal form of a lease but convey a right to use an asset in return for a payment or series of payments. The group has determined that where the capacity utilisation by the group is less than 100% and others take more than an insignificant amount of output, the arrangement does not contain leases. Where the group utilise 100% capacity and others take less than an insignificant output the agreement contains lease however based on an evaluation of the terms and conditions of the arrangements the group has concluded that these contracts are in the nature of operating leases.

#### **b) Revenue recognition**

The group assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. The group has generally concluded that it is acting as a principal in all its revenue arrangements.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the group and its business partners are reviewed to determine each party's respective role in the transaction.

Where the group's role in a transaction is that of a principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, net off sales tax/VAT, trade discounts and rebates but inclusive of excise duty with any related expenditure charged as an operating cost.

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the Consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

#### **a) Impairment reviews**

At each reporting date, the group reviews the carrying amount of its non-financial assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

Impairment reviews in respect of the relevant CGUs are performed at least annually or more regularly if events indicate that this is necessary. Impairment reviews are based on discounted future cash flows. The future cash flows which are based on business forecasts, the long-term growth rates and the pre-tax discount rates, that reflects the current market assessment of the time value of money and the risk specific to the asset or CGU, used are dependent on management estimates and judgements. Future events could cause the assumptions used in these impairment reviews to change.

#### **b) Allowance for uncollectible accounts receivable and advances**

Trade receivables and certain financial assets do not carry any interest unlike other interest bearing financial assets viz intercorporate deposits. Such financial assets are stated at their carrying value as reduced by impairment

losses determined in accordance with expected credit loss. Allowance as per expected credit loss model is based on simplified approach which is based on historically observed default rates and changed as per forward-looking estimates. In case of trade receivables group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables which is also based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The actual loss could differ from the estimate made by the management.

#### **c) Taxes**

The group is subject to income tax laws as applicable in India. Significant judgement is required in determining the provision for taxes as the tax treatment is often by its nature complex, and cannot be finally determined until a formal resolution has been reached with the relevant tax authority which may take several years to conclude. Amounts provided are accrued based on management's interpretation of country specific tax laws and the likelihood of settlement. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Actual liabilities could differ from the amount provided which could have a consequent adverse impact on the results and net position of the group.

#### **d) Pension and post-retirement benefits**

The cost of defined benefit plans viz. gratuity, provident fund, leave encashment, etc. are determined using actuarial assumptions. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about defined benefit plans are given in note no. 54.

## **1.25 RECENT ACCOUNTING DEVELOPMENTS**

### **Standards issued but not yet effective:**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from April 01, 2017.

#### **Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the group.

#### **Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification.



Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The effect on the financial statements is being evaluated by the group.

### 1.26 First time adoption of Ind-AS

These financial statements, for the year ended March 31, 2017, are the first the group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the group has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the group's opening Balance Sheet was prepared as at April 01, 2015, the group's date of transition to Ind AS. This note explains the principal adjustments made by the group in restating its Indian GAAP financial statements, including the Balance Sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016.

#### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The group has applied the following exemptions:

#### i) Business Combination

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, Associates and Joint Ventures which are considered businesses under Ind AS that occurred before 01 April 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. The group did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

Ind AS 101 also requires that Indian GAAP carrying amount of goodwill must be used in the opening Ind AS balance sheet (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the group has tested goodwill for impairment at the date of transition to Ind AS, accordingly goodwill has been impaired.

#### ii) Property, plant and equipment

An group may elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date.

Accordingly property, plant and equipments have been measured at fair value as on transition date and the same has been considered as deemed cost at that date.

#### iii) Intangible Assets

Where there is no change in its functional currency on the date of transition to Ind AS, a first-time adopter to Ind AS may elect to continue with the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Since there is no change in the functional currency, the group has elected to continue with the carrying value for all of its intangible assets (except Goodwill) as recognised in its Indian GAAP financial as deemed cost at the transition date.

#### iv) Long Term Foreign Currency Monetary Items

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

Group has opted not to continue with the existing policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items. Accordingly the unamortised amount has been charged to retained earnings as on transition date.

#### v) Investments

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amount in its Consolidated opening Ind AS Balance Sheet

- (a) cost determined in accordance with Ind AS 27; or
- (b) deemed cost. The deemed cost of such an investment shall be its:
  - (i) fair value at the group's date of transition to Ind ASs in its Consolidated financial statements; or
  - (ii) previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary, joint venture or associate that it elects to measure using a deemed cost.

Accordingly the group has adopted to consider its fair value as deemed cost at the group's date of transition to Ind AS.

#### vi) Leases

Appendix C to Ind AS 17 requires a group to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the group has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions in place as at the date of transition.

#### vii) Estimates

The estimates at April 01, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

Impairment of financial assets based on expected credit loss model

The estimates used by the group to present these amounts in accordance with Ind AS reflect conditions at April 01, 2015, the date of transition to Ind AS and as of March 31, 2016.

#### viii) Reconciliation of Equity as previously reported under previous Indian GAAP to Ind AS for the year ended.

Equity reconciliation*	March 31, 2016	April 01, 2015
Shareholders Equity as per IGAAP as on	91,864.69	83,877.89
Effect of measuring Financials Instruments at Fair value	(12,995.93)	(11,034.43)
Adjustment for Proposed Dividend (Including Tax)	1,280.98	1,280.98
Deferred taxes	1,784.05	1,145.10
Reassessment of Depreciation and fair value of PPE/Intangible assets	15,796.24	16,075.66
<b>Shareholders Equity as per Ind-AS as on 31-March</b>	<b>97,730.03</b>	<b>91,345.20</b>

#### Effect of Ind AS adoption on total comprehensive income for the year ended March 31, 2016\*

Net profit as reported under Previous GAAP	8,157.19
Add/(Less):- Adjustment on account of :-	
Re - Measurement cost of net defined benefit liability (Including tax impact thereon)	161.02
Foreign currency loss on MTM of ECB as per Ind AS-21	531.16
Depreciation impact due to fair value as per Ind AS-16	(278.92)
Fair Valuation of Financial Assets/ Liabilities as per Ind AS	(61.06)
Provision for expected credit loss (ECL)	(964.00)
Deferred tax as per Ind AS-12	638.95
Dividend on preference shares	(400.00)
Others	28.72
<b>Net profit before OCI as per Ind AS</b>	<b>7,813.06</b>
Other Comprehensive ( Income ) /Expenses	161.02
<b>Net profit after OCI as per Ind AS</b>	<b>7,652.04</b>

\*Refer Note 1.26 (ix)

ix) **Principal difference between Ind AS and Indian GAAP Measurement and recognition difference**

**I. Property, Plant and Equipment (PPE)**

**a) Measurement**

The group has elected to measure Property, Plant and Equipment at fair value on transition date. Differential amount between carrying value and fair value has been recognised against retained earnings.

**b) Depreciation of property, plant and equipment**

As mentioned above, At the date of transition to Ind AS, The group has elected to measure Property, Plant and Equipment at fair value, resulting into differential depreciation being recognised in the Statement of Profit and Loss from the year 2015-16, over the remaining useful life of the PPE

**c) Long Term Foreign Currency Monetary Items**

Under Indian GAAP, foreign exchange differences arising from translation of long-term foreign currency monetary items were capitalised into the carrying value of fixed assets where these were taken to purchase fixed asset.

Under Ind-AS group has opted not to continue with the existing policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items and follow treatment as per Ind AS 21. Accordingly the unamortised amounts on transitional date and as at March 31, 2016 have been charged to retained earnings.

**II. Intangible Assets**

Under Ind-AS, goodwill is not subject to amortisation but is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Accordingly, during the year 2015-16, Amortisation has been reversed in the Statement of Profit and Loss.

Goodwill has been impaired as at the transition date.

**III. Financial instruments**

**Derivative financial instruments**

Under Indian GAAP, derivative contracts are measured at fair value at each Balance Sheet

date to the extent of any reduction in fair value, and the loss on valuation is recognised in the Statement of Profit and Loss.

A gain on valuation is only recognised by the group if it represents the subsequent reversal of an earlier loss.

The fair value of forward foreign exchange contracts is recognised under Ind AS, and was not recognised under Indian GAAP. Group did not had any outstanding forward contracts on April 01, 2015, however there were certain forward contracts outstanding on March 31, 2016. The same was recognised on mark to market basis with a corresponding debit/credit in Statement of Profit and Loss.

**IV. Proposed dividend**

Under Indian GAAP, proposed dividends are recognised as liability in the period to which they relate irrespective of the approval by shareholders. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the group (on approval of Shareholders in a general meeting) or paid.

In the case of the group, the declaration of dividend occurs after period end. Therefore, the liability for the year ended March 31, 2015 recorded for dividend has been derecognised against retained earnings on April 01, 2015

The proposed dividend for the year ended on March 31, 2016 which was recognised under Indian GAAP has also been derecognised with a corresponding impact in the retained earnings. Subsequently recognised at the time of distribution.

**V. Deferred tax**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the

accounting policies, the group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a Consolidated component of equity.

#### VI. Financial assets

Under Indian GAAP, the group has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Due to ECL model, the group impaired its trade receivable / Loans which has been eliminated against retained earnings.

#### VII. Defined benefit liabilities

Both under Indian GAAP and Ind AS, the group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss.

Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced and remeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

#### VIII. Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to the Statement of Profit or Loss Statement for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

#### IX. Joint venture

Under Previous GAAP, joint venture was not consolidated. Under Ind AS, investment in joint ventures is accounted using the equity method.

#### a) Share in carrying amounts of the net assets of JV

Particulars As at April 01, 2015	
Share Capital	7,387.72
Other Equity	32,856.79
Net Assets	40,244.51
RKL's share @36%	14,488.02
Less: Investment made by RKL in equity	13,538.53
<b>Share in Profits of Joint Venture</b>	<b>949.49</b>

#### b) Impact on account of equity accounting of the joint venture under Ind AS:

Particulars	For the year ended March 31, 2016
Share of profits of joint venture recognised as per equity method	469.72
Share of other comprehensive income/ (loss) (re-measurements) of joint venture recognised as per equity method	(1.39)

#### X. Sale of Goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is Consolidatedly presented on the face of Statement of Profit and Loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense.

The group has concluded that it is the principal in all of its revenue arrangements with tie up units since it is the primary obligor in all the revenue arrangements.

#### XI. Other comprehensive income

Under Indian GAAP, the group has not presented other comprehensive income (OCI) Consolidatedly. Hence, it has reconciled Indian GAAP profit or loss to that as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.



## Radico Khaitan Limited

## Notes forming part of the Consolidated Financial Statements

## 2. Property, plant and equipment

(Refer notes 1.09 and 1.10)

(Rs. in Lakhs unless otherwise stated)

Description of Assets	Gross Block			Depreciation			Net Block	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	Up to March 31, 2016	For the year	Written back	Up to March 31, 2017
<b>Tangible Assets</b>								
Freehold land	12,874.01	42.28	-	12,916.29	-	-	-	12,916.29
Leasehold land	3,467.56	-	-	3,467.56	45.93	45.93	-	3,375.70
Buildings	8,630.49	51.00	-	8,681.49	407.57	370.57	-	7,903.35
Plant & equipments	48,495.27	1,107.60	210.85	49,392.02	3,206.24	3,150.06	16.41	43,052.13
Office equipments	54.57	43.70	2.25	96.02	27.45	17.44	1.12	52.25
Furniture & fittings	149.31	15.41	-	164.72	38.60	29.90	-	96.22
Vehicles	500.39	616.45	184.67	932.17	108.66	119.25	94.89	799.15
Leasehold improvements	136.67	-	-	136.67	24.15	20.41	-	92.11
	<b>74,308.27</b>	<b>1,876.44</b>	<b>397.77</b>	<b>75,786.94</b>	<b>3,858.60</b>	<b>3,753.56</b>	<b>112.42</b>	<b>74,997.4</b>
<b>Intangible Assets</b>								
Brands & trade marks	2,552.26	-	-	2,552.26	286.90	286.90	-	1,978.46
software	372.34	22.62	-	394.96	148.75	129.86	-	116.35
	2,924.60	22.62	-	2,947.22	435.65	416.76	-	852.41
<b>Total</b>	<b>77,232.87</b>	<b>1,899.06</b>	<b>397.77</b>	<b>78,734.16</b>	<b>4,294.25</b>	<b>4,170.32</b>	<b>112.42</b>	<b>70,382.01</b>
Description of Assets	Gross Block			Depreciation			Net Block	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	Up to March 31, 2015	For the year	Written back	Up to March 31, 2016
<b>Tangible Assets</b>								
Freehold land	12,859.99	14.02	-	12,874.01	-	-	-	12,874.01
Leasehold land	3,467.57	-	-	3,467.57	-	45.93	-	3,421.64
Buildings	8,197.98	432.52	-	8,630.50	-	407.57	-	8,222.93
Plant & equipments	45,158.87	3,637.49	301.09	48,495.27	-	3,221.80	15.56	45,289.03
Office equipments	38.32	17.26	1.01	54.57	-	27.82	0.37	27.12
Furniture & fittings	130.78	18.52	-	149.30	-	38.60	-	110.70
Vehicles	466.51	51.86	18.00	500.37	-	111.53	2.87	391.71
Leasehold improvements	134.54	2.14	-	136.68	-	24.15	-	112.53
	<b>70,454.56</b>	<b>4,173.81</b>	<b>320.10</b>	<b>74,308.27</b>	<b>-</b>	<b>3,877.40</b>	<b>18.80</b>	<b>70,449.67</b>
<b>Intangible Assets</b>								
Brands & trade marks	2,552.26	-	-	2,552.26	-	286.90	-	2,265.36
software	343.31	29.03	-	372.34	-	148.75	-	223.59
	<b>2,895.57</b>	<b>29.03</b>	<b>-</b>	<b>2,924.60</b>	<b>-</b>	<b>435.65</b>	<b>-</b>	<b>2,488.95</b>
<b>Total</b>	<b>73,350.13</b>	<b>4,202.84</b>	<b>320.10</b>	<b>77,232.87</b>	<b>-</b>	<b>4,313.05</b>	<b>18.80</b>	<b>72,938.62</b>

**Radico Khaitan Limited**
**(Rs. in Lakhs unless otherwise stated)**
**Notes forming part of the Consolidated Financial Statements as at**

	March 31, 2017	March 31, 2016	April 01, 2015
<b>Non-current assets</b>			
<b>Financial assets</b>			
<b>3 Investment in a joint venture</b>			
<b>Unquoted Investments</b>			
Equity Shares (at cost)			
Radico NV Distilleries Maharashtra Limited			
- 26,59,500 (Previous year: 26,59,500) equity shares of			
Rs. 100 each, fully paid up	13,538.53	13,538.53	13,538.53
Add: Group's share of profits/Reserves	1,423.63	1,417.83	949.49
	<u>14,962.16</u>	<u>14,956.36</u>	<u>14,488.02</u>
Preference Shares (at amortised cost)			
Radico NV Distilleries Maharashtra			
Limited - 20,00,000 (Previous year: 20,00,000)			
10% cumulative, non-convertible preference			
shares of Rs.100 each, fully paid up	2,000.00	2,000.00	2,000.00
	<u>16,962.16</u>	<u>16,956.36</u>	<u>16,488.02</u>
<b>4 Investment in Others (Unquoted, at FVTPL)</b>			
New Urban Cooperative Bank Ltd. - 2,388			
(Previous year: 2,388)	0.60	0.60	0.60
equity shares of Rs. 25 each, fully paid up	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>
Aggregate amount of quoted investments and market			
value thereof	-	-	-
Aggregate amount of unquoted investments; and	16,962.76	16,956.96	16,488.62
Aggregate amount of impairment in value of investments.	-	-	-
<b>5 Loans</b>			
(Unsecured- Considered good unless otherwise stated)			
Radico NV Distilleries Maharashtra Limited (Joint Venture)	-	-	1,000.00
Security Deposits	6,330.19	5,616.42	643.87
	<u>6,330.19</u>	<u>5,616.42</u>	<u>1,643.87</u>
<b>6 Others</b>			
Interest accrued on- term deposits	4.23	15.92	-
Balances with banks (Refer note-11)	87.58	178.63	223.30
Advances recoverable in cash	-	-	3.13
	<u>91.81</u>	<u>194.55</u>	<u>226.43</u>
<b>7 Other non-current assets</b>			
Capital Advances	3,061.68	3,107.89	10,605.17
Prepaid Assets	1,677.56	2,448.38	262.96
	<u>4,739.24</u>	<u>5,556.27</u>	<u>10,868.13</u>
<b>Current assets</b>			
<b>8 Inventories</b>			
(Refer Note 1.14 on valuation)			
Raw materials	10,795.14	8,904.20	8,465.90
Stock in process	2,306.31	2,231.14	1,694.71
Finished goods	10,234.16	9,888.94	9,915.54
Stock-in-trade	356.42	335.17	172.98
Stores & spares	1,708.46	1,932.50	1,858.86
Packing materials	3,956.72	4,271.00	3,772.61
Goods in transit - Raw material	6.17	13.63	19.22
	29,363.38	27,576.58	25,899.82
Less: Provision for obsolete and non moving inventory	60.06	167.24	224.48
	<u>29,303.32</u>	<u>27,409.34</u>	<u>25,675.34</u>

**Amount recognised in profit or loss**

Write-down of inventories to net realisable value resulted in net loss of Rs. 1.88 Lakhs [Previous year - Rs. Nil]. These were recognised as an expense during the year in the Statement of Profit and Loss.

**Radico Khaitan Limited**

Notes forming part of the Consolidated Financial Statements as at

(Rs. in Lakhs unless otherwise stated)

	March 31, 2017	March 31, 2016	April 01, 2015
<b>Financial assets</b>			
<b>9 Investments (Unquoted)</b>			
Certificate of deposit with a financial institution (at FVTPL)	5,000.00	5,000.00	5,000.00
	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments; and	5,000.00	5,000.00	5,000.00
Aggregate amount of impairment in value of investments.	-	-	-
<b>10 Trade Receivables</b>			
- Unsecured, considered good	71,388.89	77,558.96	68,150.17
- Doubtful	1,925.00	783.73	906.44
	<u>73,313.89</u>	<u>78,342.69</u>	<u>69,056.61</u>
Less: Allowance for expected credit loss	(10,912.82)	(17,250.13)	(16,408.83)
	<u>62,401.07</u>	<u>61,092.56</u>	<u>52,647.78</u>
<b>11 Cash and Cash Equivalents</b>			
Balances with banks			
- in current accounts	785.17	707.85	857.28
Cash on hand	25.92	32.53	18.18
Other bank Balances			
- in unpaid dividend accounts	130.07	118.08	105.37
- in term deposits #	553.20	590.42	414.81
Other non-current financial assets	(87.58)	(178.63)	(223.30)
	<u>1,406.78</u>	<u>1,270.25</u>	<u>1,172.34</u>
# Deposit includes			
Under lien with Government department and banks as security	553.20	590.42	414.81
<b>12 Loans</b>			
(Unsecured- Considered good, unless otherwise stated)			
Loans and advances to related parties			
- Radico NV Distilleries Maharashtra Limited (Joint Venture)	28.35	-	29.07
Security Deposits	1,102.49	1,102.58	699.26
Others			
Advances recoverable	10,250.08	12,127.39	1,735.26
Inter corporate deposits- (See note 55)	10,085.00	9,695.00	16,990.00
	<u>21,465.92</u>	<u>22,924.97</u>	<u>19,453.59</u>
Less: Allowance for expected credit loss	(6,100.00)	(6,100.00)	(6,100.00)
	<u>15,365.92</u>	<u>16,824.97</u>	<u>13,353.59</u>
<b>13 Others</b>			
Interest accrued on			
- term deposits	36.98	41.45	43.42
- loans and advances	1,301.43	1,423.48	2,396.70
Dividend accrued on preference share	400.00	400.00	800.00
	<u>1,738.41</u>	<u>1,864.93</u>	<u>3,240.12</u>
Less: Allowance for expected credit loss	(928.10)	(928.10)	(928.10)
	<u>810.31</u>	<u>936.83</u>	<u>2,312.02</u>
<b>14 Current Tax assets</b>			
Income Tax (Net of provisions)	413.51	308.44	231.64
	<u>413.51</u>	<u>308.44</u>	<u>231.64</u>
<b>15 Other current assets</b>			
(Unsecured - Considered good)			
Advances other than capital advances			
Advances recoverable in kind	1,677.97	1,378.06	3,536.67
Others			
Accrued export incentives	1,096.85	911.86	2,263.70
Amount paid under protest	197.59	297.20	163.04
Claims and duties adjustable from Excise Department	4,758.25	13,410.14	13,406.60
Other balances recoverable from Statutory/ Government authorities	128.17	278.03	111.11
Prepaid expenses	2,155.84	1,945.60	1,177.83
	<u>10,014.67</u>	<u>18,220.89</u>	<u>20,658.95</u>

## Notes forming part of the Consolidated Financial Statements as at

	March 31, 2017	March 31, 2016	April 01, 2015
<b>Equity</b>			
<b>16 Equity share capital</b>			
Authorised			
17,00,00,000 (Previous year 17,00,00,000) equity shares of Rs. 2/- each	3,400.00	3,400.00	3,400.00
60,00,000 (Previous year 60,00,000) preference shares of Rs. 100/- each	6,000.00	6,000.00	6,000.00
	<u>9,400.00</u>	<u>9,400.00</u>	<u>9,400.00</u>
Issued, subscribed and fully paid			
13,30,38,765 (previous Year 13,30,38,765) equity shares of Rs. 2/- each	2,660.78	2,660.78	2,660.78
	<u>2,660.78</u>	<u>2,660.78</u>	<u>2,660.78</u>

- a. The Company has issued only one class of shares, referred to as equity shares having a par value of Rs. 2/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

<b>b. Reconciliation of the number of shares</b>	No. of Shares	No. of Shares	No. of Shares
Outstanding at the beginning of the year	13,30,38,765	13,30,38,765	13,30,38,765
Add: Issued during the year	-	-	-
Outstanding at the end of the year	<u>13,30,38,765</u>	<u>13,30,38,765</u>	<u>13,30,38,765</u>

**c. Shares held by each shareholder holding more than 5% shares**

	No. of Shares	No. of Shares	No. of Shares
Sapphire Intrex Ltd.*	-	25.47% 3,38,88,011	25.47% 3,38,88,011
Shailaja Finance Ltd.	34.11% 4,53,79,098	8.64% 1,14,91,087	8.64% 1,14,91,087
Reliance Capital Trustee Company Ltd.	9.59% 1,27,57,960	9.88% 1,31,47,932	8.49% 1,12,96,871
TIMF Holdings	6.99% 92,93,781	0.00%	
HSBC Global Investment Funds Mauritius Ltd.	-	5.82% 77,41,702	7.50% 99,80,624

\* Merged with Shailaja Finance Limited on dated 7th April 2016.

**d. Shares reserved for issue under options: ESOPs**

The group established Employee Stock Options Plan, duly approved by the shareholders in the meeting held on May 25, 2006 which is effective from July 25, 2006. Accordingly, the Company has granted 42,80,000 equity options up to March 31, 2017 which will get vested over a period of 4 years from the date of the grant. The employees have the options to exercise the right within a period of 3 years from the date of vesting. The compensation cost of stock options granted to employees are accounted by the Company using the fair value method.

**e. Summary of Stock Option**

	No. of stock	No. of stock
Option granted up to the year end	42,80,000	41,80,000
Options forfeited up to the year end	15,83,326	15,45,201
Options exercised up to the year end	19,03,549	19,03,549
Option outstanding at the year end	7,93,125	7,31,250
Exercise price (weighted average)	Rs. 80.58	Rs. 80.58

In respect of Options granted under the Employee Stock Options plan, in accordance with the guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortized on a straight line basis over the period between the date of grant of options and eligible dates for conversion into equity shares. Consequently, Employee benefits expense (Note no. 33) includes Rs. 29.40 lakhs (Previous year Rs.13.76 lakhs) being the amortisation of deferred employee compensation.



**Radico Khaitan Limited****Notes forming part of the Consolidated Financial Statements as at****(Rs. in Lakhs unless otherwise stated)**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 01, 2015</b>
<b>17 Other Equity #</b>			
Retained earning / Surplus	24,197.99	17,545.12	16,174.05
Securities Premium Reserve	37,469.28	37,469.28	37,469.28
General Reserve	40,000.00	40,000.00	35,000.00
Employee Stock Options outstanding account	84.25	54.85	41.09
	<b><u>101,751.52</u></b>	<b><u>95,069.25</u></b>	<b><u>88,684.42</u></b>

# Refer statement of changes in equity for detailed movement in above reserves.

**Non-current liabilities****Financial liabilities****18 Borrowings****Term Loans - Secured #**

- Rupee loans from banks	6,773.06	3,729.61	6,226.19
- Rupee loans from others	1,764.71	2,941.18	4,117.65
- Foreign currency loans from banks (ECB)	16,275.15	27,294.90	32,841.04
	<b><u>24,812.92</u></b>	<b><u>33,965.69</u></b>	<b><u>43,184.88</u></b>

Less : Shown in current maturities of long-term debt (Refer Note 25)

- Rupee loan from banks	1,968.33	2,500.00	2,500.00
- Rupee loans from others	1,176.47	1,176.47	1,176.47
- Foreign currency loans from banks	11,337.35	10,715.87	7,406.29
	<b><u>14,482.15</u></b>	<b><u>14,392.34</u></b>	<b><u>11,082.76</u></b>
	<b><u>10,330.77</u></b>	<b><u>19,573.35</u></b>	<b><u>32,102.12</u></b>

**# Notes**

- The above loans are secured by a pari-passu first charge on fixed assets of the Company, both present and future. Vehicle loans are secured by respective vehicles.
- Non-fund based facilities provided by banks are also secured by a second charge on the fixed assets of the group
- Term of repayment are as follows:-

<b>Name</b>	<b>Year of Maturity</b>	<b>Outstanding as at March 31, 2017</b>	<b>Outstanding as at March 31, 2016</b>	<b>Outstanding as at April 1, 2015</b>
IDBI Bank Ltd. - Rupee Term Loan	July 2017	625.00	1,875.00	3,125.00
State Bank of Hyderabad - Rupee Term Loan	Aug 2017	619.72	1,854.61	3,101.19
Aditya Birla Finance Ltd.	Aug 2018	1,764.71	2,941.18	4,117.65
Lakshmi Vilas Bank	Sep 2021	4,999.80	-	-
HDFC Bank	Jan 2022	528.54	-	-
ICICI Bank Ltd (ECB): Outstanding: \$123.00 lakhs	April 2018	4,668.38	8,158.95	9,776.73
ICICI Bank Ltd (ECB): Outstanding \$197.22 lakhs	July 2018	7,959.60	12,917.25	14,849.27
State Bank of India (ECB): Outstanding \$93.75 lakhs	July 2018	3,647.17	6,218.70	8,215.04
		<b><u>24,812.92</u></b>	<b><u>33,965.69</u></b>	<b><u>43,184.88</u></b>

**19 Others (at amortised cost)**

Security Deposits	60.00	113.59	70.61
	<b><u>60.00</u></b>	<b><u>113.59</u></b>	<b><u>70.61</u></b>

**20 Provisions**

Provision for employee benefits			
- Leave encashment (Refer Note 54)	837.13	717.72	588.70
	<b><u>837.13</u></b>	<b><u>717.72</u></b>	<b><u>588.70</u></b>

**Radico Khaitan Limited**
**Notes forming part of the Consolidated Financial Statements as at**
**(Rs. in Lakhs unless otherwise stated)**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 01, 2015</b>
<b>21 Deferred Tax Liabilities (Net) (Refer note no. 42)</b>			
Deferred Tax Liabilities	12,624.68	12,666.19	12,495.47
Deferred Tax Assets	(5,696.52)	(7,168.03)	(7,440.86)
Deferred Tax Liability (Net)	<b>6,928.16</b>	<b>5,498.16</b>	<b>5,054.61</b>
<b>22 Other non current liabilities</b>			
Present value of future lease payments	2.47	2.40	2.34
Other Payable	16.58	-	-
	<b>19.05</b>	<b>2.40</b>	<b>2.34</b>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
<b>23 Borrowings</b>			
<b>Secured - from Banks</b>			
- Cash credit (repayable on demand) #	32,699.70	34,679.75	30,380.88
- Rupee loans *	11,890.97	10,993.07	5,999.85
<b>Unsecured- from Banks</b>			
- Rupee loans	10,500.00	15,498.65	11,000.00
- Foreign Currency Loans	-	834.35	-
	<b>55,090.67</b>	<b>62,005.82</b>	<b>47,380.73</b>
# Secured by hypothecation of inventories and book debts. Further secured by a second charge on fixed assets of the group.			
* Under the "Receivable buyout" facility sanctioned by IDBI Bank Ltd against trade receivables.			
<b>24 Trade Payables</b>			
Due to Micro and Small enterprises #	-	-	-
Others	18,532.34	17,601.02	15,653.22
	<b>18,532.34</b>	<b>17,601.02</b>	<b>15,653.22</b>
# The group has not received information from suppliers or service providers, whether they are covered under Micro, Small and Medium Enterprises (Development) Act, 2006 and hence it has not been possible to ascertain the required information relating to amounts unpaid, if any, as at year end together with interest paid or payable to them.			
<b>25 Others (Financial liability carried at amortised cost)</b>			
Current maturities of long-term debt			
- Rupee loan from banks	1,968.33	2,500.00	2,500.00
- Rupee loan from others	1,176.47	1,176.47	1,176.47
- Foreign currency loans from banks	11,337.35	10,715.87	7,406.29
Interest accrued but not due on borrowings	150.97	240.42	260.99
Interest accrued and due on borrowings	217.99	118.98	137.38
Security Deposits	557.70	490.15	583.73
Unclaimed dividends #	129.70	117.72	105.01
Corporate guarantee given	-	-	2.37
	<b>15,538.51</b>	<b>15,359.61</b>	<b>12,172.24</b>
# This does not include any amount due and outstanding, to be credited to the Investor Education and Protection Fund.			
<b>26 Provisions</b>			
For employee benefits			
- Gratuity (See Note 54)	110.83	355.89	292.70
- Leave encashment (Refer Note 54)	292.87	269.79	221.40
For excise/custom duty on closing stock	3,610.97	2,732.21	2,479.39
Other contingencies	7.36	7.36	7.36
	<b>4,022.03</b>	<b>3,365.25</b>	<b>3,000.85</b>
<b>27 Other Current Liabilities</b>			
On account of capital goods/ services	831.65	877.06	331.35
Advances from customers and others	4,065.79	6,659.57	13,696.89
Accrued salary and benefits	508.34	592.39	299.48
Statutory dues	2,264.98	2,421.02	2,010.80
	<b>7,670.76</b>	<b>10,550.04</b>	<b>16,338.52</b>

**Radico Khaitan Limited**

Notes forming part of the Consolidated Financial Statements for the year ended

(Rs. in Lakhs unless otherwise stated)

	March 31, 2017	March 31, 2016
<b>28 Revenue from Operations</b> (Refer Note 1.05 on revenue recognition)		
<b>Sale of products</b>		
- Alcohol and other alcoholic products	475,487.01	414,218.20
- Pet bottles & caps	4,889.93	5,954.42
- Jaivik khad	245.45	250.60
- Others	612.57	1,088.42
<b>Sale of traded goods</b>		
- Indian Made Foreign Liquor	829.70	705.06
- Alcohol	-	263.97
- Traded Goods	306.88	425.73
- Imported Liquor	730.13	889.37
Royalty Income	685.36	671.01
<b>Other operating revenues</b>		
- Export incentives	1,211.69	1,175.54
- SAD Refund received	15.51	25.57
- Scrap sales	1,781.22	1,441.04
	<b>486,795.45</b>	<b>427,108.93</b>
<b>29 Other Income</b>		
<b>Finance income</b>		
Interest income on		
- Term deposit with banks and financial institutions	510.48	511.85
- Loans (including inter corporate deposits)	436.82	2,591.81
- Interest Income on Deposit	657.70	438.12
Dividend income on non-current investments	200.00	200.00
Other non-operating income		
Interest on Income Tax refunds	18.64	7.84
Profit on sale of fixed assets	45.97	12.22
Excess provisions written back	40.46	68.69
Miscellaneous income	54.58	56.12
	<b>1,964.65</b>	<b>3,886.65</b>
<b>30 Cost of Materials Consumed</b>		
Raw Materials		
Opening Stock	8,904.20	8,465.90
Add: Purchases	53,967.70	48,987.10
	62,871.90	57,453.00
Less: Closing Stock	10,795.14	8,904.20
Raw material consumed	52,076.76	48,548.80
Packing materials consumed	38,168.89	39,587.51
	<b>90,245.65</b>	<b>88,136.31</b>
<b>31 Purchase of Stock-in-trade</b>		
Indian made foreign liquor	871.14	664.18
Alcohol	-	246.15
Imported Liquor	581.54	754.78
	<b>1,452.68</b>	<b>1,665.11</b>
<b>32 Changes in Inventories of Finished Goods, Work-in-process and Stock-in-trade</b>		
Opening Stock		
Stock-in-trade	335.17	172.98
Finished goods	9,888.94	9,915.54
Stock in process	2,231.14	1,694.71
	<b>12,455.25</b>	<b>11,783.23</b>
Less : Closing Stock		
Stock-in-trade	356.42	335.17
Finished goods	10,234.16	9,888.94
Stock in process	2,306.31	2,231.14
	12,896.89	12,455.25
Increase / (Decrease) of excise duty on Finished Goods	883.71	252.82
	<b>442.07</b>	<b>(419.20)</b>

**Radico Khaitan Limited**  
**Notes forming part of the Consolidated Financial Statements for the year ended**

**(Rs. in Lakhs unless otherwise stated)**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>33 Employee Benefits Expense</b>		
Salaries, wages and allowances	12,957.78	11,925.33
Contribution to provident and other funds	593.32	526.85
Gratuity	46.44	4.70
Employee stock options scheme - (Refer Note 16(e))	29.40	13.76
Staff welfare expenses	407.33	363.53
	<b><u>14,034.27</u></b>	<b><u>12,834.17</u></b>
<b>34 Finance Costs</b>		
Interest expense	7,855.40	8,159.56
Other borrowing costs	183.00	315.41
	<b><u>8,038.40</u></b>	<b><u>8,474.97</u></b>
<b>35 Depreciation and amortisation expense</b>		
Depreciation of tangible assets	3,753.56	3,877.40
Amortisation of intangible assets	416.76	435.65
	<b><u>4,170.32</u></b>	<b><u>4,313.05</u></b>
<b>36 Other expenses</b>		
Power and fuel	2,775.15	2,863.09
Stores and spares consumed	2,799.52	2,837.23
Repairs and maintenance		
- Building	116.98	105.51
- Plant and equipment	1,469.31	1,367.74
- Others	218.51	200.12
Machinery and other hire charges	4.40	10.51
Insurance	484.50	366.09
Rent	665.49	522.32
Rates and taxes	4,446.16	4,565.10
Travelling - Directors	107.52	135.51
- Others	1,110.42	1,030.76
Directors' fee	18.66	15.50
Foreign exchange fluctuations (net)	(84.25)	1,977.86
Provision for Non-moving/ obsolete Inventory	1.88	-
Obsolete and non moving inventory written off	-	57.23
Less : Adjusted against provisions	-	(57.23)
Charity and donation	10.07	17.40
Corporate Social Responsibility Expenses (Refer note 48)	142.11	211.03
Provision for Expected Credit Loss (Net)	(1.29)	3,339.49
Bio composting expenses	80.81	65.89
Professional fee & retainership expenses	460.92	678.45
Communication	195.18	186.25
Sundry balances written off	12.80	93.89
Loss on sale / write off of assets	190.75	290.86
Bank charges	34.41	35.31
Other overheads	3,324.11	3,018.89
Bottling Charges	2,232.12	2,537.35
Selling and distribution:		
- Freight outwards	8,023.41	7,622.90
- Supervision charges - after sales	670.75	599.76
- Supervision charges to supervisors	770.74	788.17
- Rebate discount and allowance	2,269.59	892.02
- Advertisement & sales promotion	8,052.59	7,817.59
	<b><u>40,603.32</u></b>	<b><u>44,192.59</u></b>
<b>37 Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Actuarial (Gain) / loss on Employee Benefits	(203.69)	(246.24)
	<b><u>(203.69)</u></b>	<b><u>(246.24)</u></b>



**Radico Khaitan Limited****(Rs. in Lakhs unless otherwise stated)****Notes forming part of the Consolidated Financial Statements**

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>38 Contingent Liabilities and commitments</b>			
<b>Capital Commitments</b>			
Estimated amount of Capital commitments (Net of advances)	638.84	518.23	1,525.08
<b>Contingent Liabilities not provided for:</b>			
i) Claims against the group, not acknowledged as debts			
(a) Disputed liability relating to ESI Contribution	0.89	0.89	0.89
(b) Disputed liability relating to PF contribution of contractor labour	33.04	33.04	33.04
(c) Disputed liability relating to payment of late re-calibration fees on verification and stamping of manufacturing vats/tanks installed at distillery.	88.00	88.00	88.00
(d) Disputed claim relating to refund of export duty on rectified spirit	-	10.62	10.62
(e) Disputed VAT/Sales/Entry Tax matters under appeal	138.27	1,999.75	2,078.08
(f) Disputed Excise matters	147.05	378.79	349.52
(g) Disputed Stamp duty claim arising out of amalgamation, being contested	80.00	80.00	80.00
(h) Disputed demand from customers	12.70	12.70	-
(i) Disputed customs duty	10.73	10.73	-
(j) Disputed demands on account of service tax including interest and penalty thereon for the period July 2003 to March 2012, being contested and under appeal	140.39	15,371.50	15,371.50
	<b>651.07</b>	<b>17,986.02</b>	<b>18,011.65</b>

In respect of the items above, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.

- ii) Madhya Pradesh State Industrial Development Corporation Ltd. in February 2007 demanded a sum of Rs.168.09 lakhs besides unspecified expenses arising out of the alleged non compliance of conditions relating to its holding of shares in Abhishek Cement Ltd, prior to its merger with Radico Khaitan Ltd. in the year 2002-03. The writ petition filed by Radico Khaitan Limited before Madhya Pradesh high court has been partly allowed by confirming the recovery of Rs. 167.32 lakhs against the Radico Khaitan Limited. However, the division bench of Madhya Pradesh High court has stayed the recovery proceedings initiated by local collector office. The court has ordered to maintain Rs. 100 lakhs in State Bank of India till the final adjudication of the matter. The matter is since sub-judice.
- iii) During the year, as a result of certain dispute between the Income Tax Department and Andhra Pradesh State Breweries Corporation Ltd (APBCL), the Department had attached the stocks lying with APBCL. Later on in the writ petition filed by the Radico Khaitan Limited and on direction of Andhra Pradesh High Court the stock was sold and proceeds remitted back to the company. However in subsequent development on appeal by the Income Tax Department, the Division Bench ordered for redeposit of sales proceeds back to the separate account directed to be maintained by the Court. The Radico Khaitan Limited has filed an appeal before the Hon'ble Supreme Court which stayed the re-deposit of sales proceeds. The amount of sales proceeds aggregating to Rs.588.09 lakhs may have to be redeposited back by the Radico Khaitan Limited, till the disposal of the matter by the appropriate court. However, the same is recoverable from APBCL.

In respect of the items above, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.

- 39 i) Radico Khaitan Limited entered into an agreement dated November 11, 2011 for purchase of land & building for a lump sum consideration of Rs 8000 lakhs. The purchase consideration was paid subject to vacation of mortgage with payment of interest by the party on the consideration till the transfer of the property in the name of Radico Khaitan Limited. Since the party had not fulfilled the obligation, the matter was referred to an arbitrator in December 2015. Subsequently, the arbitration order was awarded on May 11, 2016 for payment of Rs. 10410 lakhs, by the party to Radico Khaitan Limited, over next five year in equally yearly installments of Rs. 2082 lakhs. Subsequently in March 2017, the party also expressed its intent to repay the entire amount to the Radico Khaitan Limited by March 31, 2018.
- ii) In the opinion of the Management and to the best of their knowledge and belief, the value on realisation of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.

<b>40 Dividend on Equity Shares</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
Dividend on Equity Shares declared and paid during the year		
Dividend of Rs 0.80 per share for financial year 2015-16 (2014-15 Rs 0.80 per share)	1,064.31	1,064.31
Dividend Distribution Tax	216.67	216.67
	<b>1,280.98</b>	<b>1,280.98</b>
Proposed dividends on Equity shares not recognised as liability		
Dividend of Rs 0.80 per share for financial year 2016-17 (2015-16 Rs 0.80 per share)	1,064.31	1,064.31
Dividend Distribution Tax	216.67	216.67
	<b>1,280.98</b>	<b>1,280.98</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31 March. All proposed dividend were approved as proposed and paid in subsequent year.

**Radico Khaitan Limited**
**Notes forming part of the Consolidated Financial Statements**
**41 Earnings per equity share (EPS) (Amount in INR)**

(Rs. in Lakhs unless otherwise stated)  
For the year ended March 31, 2017      For the year ended March 31, 2016

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.	6.07	5.87
Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.	6.05	5.85

The following reflects the income and share data used in the basic and diluted EPS computations:

Profit attributable to equity holders	8,071.05	7,814.45
<b>Profit attributable to equity holder for basic earnings</b>		
Share options	29.40	13.76
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>8,100.45</b>	<b>7,828.21</b>
Weighted average number of Equity shares for basic EPS	133,038,765	133,038,765
Effect of dilution:		
Share options	793,125	731,250
<b>Weighted average number of Equity shares adjusted for the effect of dilution</b>	<b>133,831,890</b>	<b>133,770,015</b>

**42 Income Tax**
**The major components of income tax expense**

Consolidated Statement of Profit and Loss:

**Current income tax:**

Current income tax charge	1,402.00	2,735.00
Adjustments in respect of current income tax of previous year	4.34	63.00
<b>Total (A)</b>	<b>1,406.34</b>	<b>2,798.00</b>

**Deferred tax:**

Relating to origination and reversal of temporary differences	1,500.48	(270.73)
<b>Income tax expense reported in the Statement of Profit and Loss (B)</b>	<b>1,500.48</b>	<b>(270.73)</b>

**Other Comprehensive Income**

Deferred tax related to items recognised in OCI during the year:

Net loss/(gain) on re-measurements of defined benefit plans	(70.49)	(85.22)
Income tax charged to OCI	<b>(70.49)</b>	<b>(85.22)</b>

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for:-**

Differential tax impact for land indexation at a rate different from the statutory rate	44.65	59.16
Differential impact of deferred tax arising during tax holiday period	35.48	(11.39)
Amortisation of certain assets not claimed as deduction under tax	31.88	38.94
Differential impact of provisions	571.66	444.92
Loss on sale of fixed assets (net)	(50.11)	(96.43)
Deduction claimed in tax but not in books	308.35	532.60
Others	(52.88)	(78.55)
<b>Total (C)</b>	<b>889.02</b>	<b>889.25</b>
<b>Total (A) + (B) + (C)</b>	<b>3,795.84</b>	<b>3,416.52</b>

**Radico Khaitan Limited**  
**Notes forming part of the Consolidated Financial Statements**

(Rs. in Lakhs unless otherwise stated)

	For the year ended March 31, 2017	For the year ended March 31, 2016	As at April 01, 2015
Accounting profit before tax	10,968.07	9,872.00	
Accounting profit before income tax			
At India's statutory income tax rate of 34.608% (March 31, 2016: 34.608%)	<b>3,795.83</b>	<b>3,416.50</b>	
Adjustments in respect of current income tax of previous years	-	-	
Utilisation of previously unrecognised tax losses	-	-	
Share of results of associates and joint ventures	-	-	
Non-deductible expenses for tax purposes:	-	-	
Other non-deductible expenses	-	-	
At the effective income tax rate of 34.608% (31 March 2016: 34.608%)	<u><b>3,795.83</b></u>	<u><b>3,416.50</b></u>	
<b>Deferred tax</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 01, 2015</b>
Deferred tax relates to the following:			
Fair valuation of property, plant and equipment	(12,014.08)	(12,259.51)	(12,307.72)
Other Ind-AS adjustments (security deposit, corporate guarantee etc.)	1,496.96	1,014.65	1,762.09
Provision created under Expected credit loss	3,776.71	5,969.92	5,678.77
Tax holiday units	(187.75)	(223.23)	(187.75)
Net deferred tax assets/(liabilities)	<u><b>(6,928.16)</b></u>	<u><b>(5,498.16)</b></u>	<u><b>(5,054.61)</b></u>
Reflected in the balance sheet as follows:			
Deferred tax assets (continuing operations)	5,696.52	7,168.03	7,440.86
Deferred tax liabilities:			
Continuing operations	(12,624.67)	(12,666.19)	(12,495.47)
Deferred tax liabilities, net	<u><b>(6,928.16)</b></u>	<u><b>(5,498.16)</b></u>	<u><b>(5,054.61)</b></u>
Reconciliation of deferred tax liabilities (net):			
Opening balance	5,498.16	5,054.61	
Tax income/(expense) during the period recognised in profit or loss	1,500.48	(270.73)	
Tax income/(expense) during the period recognised in OCI	(70.49)	(85.22)	
Change in MAT Credit		799.50	
Closing balance	<u><b>6,928.15</b></u>	<u><b>5,498.16</b></u>	
The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority			
Amount of MAT credit available which can be set off against future taxable profits where group is required to pay taxes under MAT.	153.00	153.00	952.50

During the year ended March 31, 2017 and March 31, 2016, the company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

**Radico Khaitan Limited**  
**Notes forming part of the Consolidated Financial Statements**

(Rs. in Lakhs unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>43 List of Investment</b>			
(i) The name of Investee	Joint Venture		
(ii) The principal place of business	Radico NV Distilleries Maharashtra Limited		
(iii) The ownership interest held	Aurangabad (Maharashtra)		
(iv) The method used to account for the investment	36%		
	Accounted at cost		

**44 Commitments and contingencies**

**Leases**

	For the year ended March 31, 2017	For the year ended March 31, 2016	As at April 01, 2015
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**A Operating lease commitments - group as lessee**

i) The group has entered into operating leases on building and plant and machinery with lease terms between one to ten years.			
ii) The group has paid towards minimum lease payment.	669.89	546.04	-
iii) Future minimum rentals payable under non-cancellable operating leases as at March 31 are, as follows:			
Within one year	663.04	516.07	366.61
After one year but not more than five years	1170.00	1,409.87	462.90
More than five years	-	55.67	109.26

**B Finance lease arrangements**

- i) The group has finance leases arrangements for leasehold land for multiple decade. The group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases arrangements together with the present value of the net minimum lease payments are, as follows:

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	MLP	Present value of MLP	MLP	Present value of MLP	MLP	Present value of MLP
Within one year	0.25	0.22	0.25	0.22	0.27	0.24
After one year but not more than five years	1.06	0.71	1.08	0.73	1.08	0.73
More than five years	40.28	1.41	40.01	1.43	39.74	1.45

Under Ind-AS 101, group has recorded newly classified land lease as finance lease and asset and liability are recorded at fair value as on transition date with any difference between them being recognised in retained earnings.

**45 Segment reporting**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Based on the management approach as defined in Ind AS 108, the Chief Operating Decision Maker evaluates the group's performance based on only one segment i.e. manufacturing and trading in Liquor & Alcohol.

**46 Related party transactions and disclosures**

**Related parties and their relationship :**

- I Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :
- (1) Sapphire Intrex Ltd. (it is amalgamated with Shailja Finance Ltd.)
  - (2) The Rampur Distillery & Chemical Company Ltd. Employees P. F. Trust
  - (3) The Rampur Distillery & Chemical Company Ltd. Employees Group Gratuity Trust
  - (4) The Rampur Distillery & Chemical Company Ltd. Employees Superannuation Scheme
- II Joint Ventures:
- (1) Radico NV Distilleries Maharashtra Limited
- III Key Management personnel :
- (1) Dr. Lalit Khaitan, Chairman & Managing Director
  - (2) Mr. Abhishek Khaitan, Managing Director
  - (3) Mr. K. P. Singh, Whole Time Director
  - (4) Ms. Shailja Devi, Director
- Relatives:
- (1) Mrs. Deepshikha Khaitan (wife of Mr. Abhishek Khaitan)



**Radico Khaitan Limited****(Rs. in Lakhs unless otherwise stated)****Notes forming part of the Consolidated Financial Statements**

<b>(2) Transaction with above in the ordinary course of business :</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>	<b>As at April 01, 2015</b>
<b>Key Management Personnel :</b>			
Dr. Lalit Khaitan, Chairman & Managing Director Remuneration			
Salary and Allowances	443.34	413.39	
Contribution to Provident and other Funds.	30.56	27.68	
Value of benefits, calculated as per Income Tax Rules	24.56	22.23	
Mr. Abhishek Khaitan, Managing Director Remuneration			
Salary and Allowances	419.56	392.10	
Contribution to Provident and other Funds.	29.22	26.63	
Value of benefits, calculated as per Income Tax Rules	19.89	19.14	
Mr. K. P. Singh, Whole Time Director Remuneration			
Salary and Allowances	160.00	138.02	
Contribution to Provident and other Funds.	6.04	5.63	
Value of benefits, calculated as per Income Tax Rules	1.70	9.55	
Mrs. Deepshikha Khaitan (wife of Mr. Abhishek Khaitan) Remuneration			
Salary and Allowances	11.60	11.41	
Contribution to Provident and other Funds.	1.95	1.95	
Value of benefits, calculated as per Income Tax Rules	0.91	0.93	
Ms. Shailja Devi (daughter of Dr. Lalit Khaitan)			
Sitting Fees	1.35	0.80	
<b>Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :</b>			
(1) Sapphire Intrex Ltd.(it is amalgamated with Shailja Finance Ltd.)			
Security Receivable	60.00	60.00	60.00
Rent Paid (excluding service tax of Rs. 4.08 lakhs borne by the group)	64.92	64.58	
<b>Contribution paid</b>			
(1) The Rampur Distillery & Chemical Company Ltd. Employees P. F. Trust	393.81	366.11	
(2) The Rampur Distillery & Chemical Company Ltd. Employees Group Gratuity Trust	250.13	250.94	
(3) The Rampur Distillery & Chemical Company Ltd. Employees Superannuation Scheme	89.19	82.54	
<b>Joint Ventures</b>			
Radico NV Distilleries Maharashtra Limited			
Sale of Goods	29.34	222.62	
Sale of fixed assets	-	2.04	
Purchase of fixed assets	-	51.00	
Loan paid	1,000.00	-	
Loan received	1,000.00	1,000.00	
Lease rent paid	6.00	3.50	
Reimbursement of IT support charges (Cr)	31.86	31.72	
Bottling charges paid	310.84	-	
Tie-up operation income	88.12	480.58	
Interest income on loan given	-	2.04	
Dividend income on preference shares	200.00	600.00	
Purchase of materials	2,551.50	3,026.34	
Receivable	28.34	-	2,310.52
Payable	107.26	135.96	22.79
Investment	2,000.00	2,000.00	2,000.00
Guarantee/Security given by Radico Khaitan Limited	-	-	237.60

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no outstanding guarantees provided or received for any related party receivables or payables in the current year. However a guarantee was given on behalf of joint venture which expired during the year 2015-16. For the year ended March 31, 2017, the group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: INR Nil, April 01, 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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**Radico Khaitan Limited**  
**Notes forming part of the Consolidated Financial Statements**

(Rs. in Lakhs unless otherwise stated)

	Unit	For the year ended March 31 2017		For the year ended March 31, 2016	
		Qty	Value	Qty	Value
(e) Grain spirit					
Opening Stock	KL/ AL	1,190.00	689.00	2,413	1,119.30
Closing Stock	KL/ AL	2,453.37	1,161.52	1,190	689.00
Turnover	KL/ AL	15,570.25	7,334.39	15,262	6,674.07
(f) Ethanol					
Opening Stock	KL/ AL	214.26	68.80	-	-
Closing Stock	KL/ AL	162.99	60.32	214	68.80
Turnover	KL/ AL	11,837.38	5,001.95	2,399	1,095.40
2. Other alcohol products					
(a) Denatured spirit					
Opening Stock	KL/ AL	1.00	0.29	1	0.27
Closing Stock	KL/ AL	1.10	0.28	1	0.29
Turnover	KL/ AL	-	-	-	-
(b) Indian made foreign liquor					
Opening Stock	KL/ AL	1.30	4,899.20	948	4,326.40
Closing Stock	KL/ AL	1,207.56	5,809.51	1,303	4,899.20
Turnover	KL/ AL	46,140.25	317,699.32	43,015	281,015.73
(c) Country liquor					
Opening Stock	KL/ AL	-	-	7	4.43
Closing Stock	KL/ AL	19.73	11.00	-	-
Turnover	KL/ AL	18,975.11	134,033.39	15,448	112,490.73
(d) Imported Alcoholic products					
Opening Stock	BTL	86,800	302.02	30,894	96.56
Closing Stock	BTL	79,636	296.95	86,800	302.02
Turnover	BTL	175,872	730.13	211,798	889.37
3. Pet bottles and Caps					
Opening Stock	Nos.	70	115.22	110	176.15
Closing Stock	Nos.	74	162.71	70	115.22
Turnover	Nos.	2,297	4,889.93	2,645	5,954.42
4. Jaivik Khad					
Opening Stock	Qtls	163	0.18	163	0.17
Closing Stock	Qtls	163	0.16	163	0.18
Turnover	Qtls	371,758	245.45	338,388	250.60
5. Others					
Turnover			726.44		1,148.00
6. Other operating income					
Turnover			3,693.77		3,313.18
Total:					
Opening Stock			10,224.11		10,088.52
Closing Stock			10,590.58		10,224.11
Turnover			<u>486,795.45</u>		<u>427,108.93</u>
c)	Unit	For the year ended March 31, 2017		For the year ended March 31, 2016	
		Quantity	Value	Quantity	Value
Purchases: -					
- Indian Made Foreign Liquor	Cases	45,788	871.14	38,147	664.18
- Imported Liquor	BTL	168,708	581.54	269,808	754.78
- Alcohol	BL	-	-	600,000	246.15
			<u>1,452.68</u>		<u>1,665.11</u>

**Radico Khaitan Limited**  
**Notes forming part of the Consolidated Financial Statements**

(Rs. in Lakhs unless otherwise stated)

d) Consumption of raw materials	Unit	For the year ended March 31, 2017		For the year ended March 31, 2016	
		Quantity	Value	Quantity	Value
(i) Molasses	Qtls	2,901,022	13,725.05	2,236,773	9,971.38
(ii) Cane juice	Qtls	12,503	56.53	13,026	50.04
(iii) Barley Malt	Qtls	19,016	536.36	18,893	492.53
(iv) Sorghum	Qtls	35,641	503.94	-	-
(v) Broken Rice	Qtls	430,175	6,699.64	722,133	9,634.97
(vi) Millet (Bajra)	Qtls	45,039	632.26	30,211	352.47
(vii) Maize	Qtls	272,139	4,124.72	84,203	1,001.37
(viii) Malt / Malt Scotch/ Grain/ Grape Spirits	-	-	2,992.93	-	2,970.91
(ix) Rectified spirit / Extra Neutral Alcohol	-	-	15,236.99	-	16,463.66
(x) Resin	KG	7,370,425	5,793.57	7,468,856	5,825.71
(xi) Press Mud	Qtls	1,116,520	473.38	1,539,761	666.88
(xii) Others			1,301.39		1,118.88
			<u>52,076.76</u>		<u>48,548.80</u>
					-
<b>50 i) Remittance in foreign currency (NIL)/ or to the mandate banks on account of dividends to non residents</b>		<b>For the year ended March 31, 2017</b>		<b>For the year ended March 31, 2016</b>	
(i) Number of non resident shareholders			16		16
(ii) Number of shares held by them			14,880		14,880
(iii) Dividend			0.11		0.11
(iv) Year to which the dividend relates			2015-16		2014-15
<b>ii) Earnings in foreign exchange - Export of goods on FOB basis</b>			15,588.61		19,194.59

**51 Foreign currency exposure**

**Derivatives not designated as hedging instruments**

The group uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. However such foreign currency denominated borrowings have not been designated as hedge. Such derivatives are recorded at mark to market at each reporting date with a corresponding recognition in the statement of financial position.

Details of foreign currency exposure of the group is as mentioned below:		As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Foreign Currency	INR	Foreign Currency	INR	Foreign Currency	INR
<b>a Borrowings against which forward contracts have been taken:</b>							
<b>Borrowings (including interest) - ECB</b>							
IN USD		-	-	10.00	663.33	10.00	625.91
<b>b Borrowings against which forward contracts have not been taken:</b>							
<b>Borrowings - ECB</b>							
In USD		252.42	16,366.79	404.00	26,796.29	532.29	32,690.73
In Euro		-	-	11.11	834.35	-	-
Interest payable on ECB/FCCB (US\$)		2.33	150.97	3.61	239.20	4.17	260.99
<b>c. Other foreign currency exposures:</b>							
Export Receivables (US\$)		69.85	4,528.98	90.72	6,017.56	119.35	7,470.05
Export Receivables (EURO)		0.01	0.56	0.65	48.85	0.08	5.33
Advance from Customers (US\$)		-	-	-	-	100.17	6,269.53
Advance from Customers (EURO)		-	-	-	-	0.05	3.38
Advance recoverable in cash or kind (US\$)		-	-	-	-	3.24	202.79
Other receivable (US\$)		-	-	-	-	44.98	2,815.33
Other payable (US\$)		20.00	1,296.77	-	-	-	-
Balance with banks (US\$)		0.30	19.32	0.28	18.25	0.82	51.17



## Radico Khaitan Limited

(Rs. in Lakhs unless otherwise stated)

## Notes forming part of the Consolidated Financial Statements

## 52 Financial Instruments

## A- Fair values

The carrying amount of all financial assets and liabilities except for certain other financial assets i.e. "instrument carried at fair value" appearing in the financial statement is reasonable approximation of fair value. Such investments of those financial instrument carried at fair value are disclosed below:-

Particulars	Fair value			Carrying value		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
<b>Financial assets measured at fair value through profit and loss</b>						
Investment						
Equity share	0.60	0.60	0.60	0.60	0.60	0.60
Certificate of deposit with a financial institution	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
<b>Total</b>	<b>5000.60</b>	<b>5000.60</b>	<b>5000.60</b>	<b>5,000.60</b>	<b>5,000.60</b>	<b>5,000.60</b>

## B- Fair value hierarchy

The following table provides fair value management hierarchy of the group assets.

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>			
<b>March 31, 2017</b>			
<b>Investment</b>			
Certificate of deposit with a financial institution	-	5,000.00	-
Equity share	-	-	0.60
<b>Total</b>	<b>-</b>	<b>5,000.00</b>	<b>0.60</b>
<b>March 31, 2016</b>			
<b>Investment</b>			
Certificate of deposit with a financial institution	-	5,000.00	-
Equity share	-	-	0.60
<b>Total</b>	<b>-</b>	<b>5,000.00</b>	<b>0.60</b>
<b>April 01, 2015</b>			
<b>Financial assets</b>			
<b>Investment</b>			
Certificate of deposit with a financial institution	-	5,000.00	-
Equity share	-	-	0.60
<b>Total</b>	<b>-</b>	<b>5,000.00</b>	<b>0.60</b>

There have been no transfer between level 1, level 2 and level 3 during the period

## C- Valuation techniques and processes used to determine fair value

Fair value of unquoted investments, fair value is determined based on the present values, calculated using generally accepted valuation principles.

## D- Valuation inputs and relationships to fair value

Significant unobservable inputs used in Level 3 fair value measurement.

## Non current investment - Unquoted

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Fair Value	0.60	0.60	0.60
Significant unobservable inputs*			
Earnings growth rate (%)	10.00	10.00	10.00
Risk adjusted discount rate (%)	10.00	10.00	10.00

\* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

## E- Reconciliation of financial instruments categorised under level 3

Opening	0.60	0.60	0.60
Addition	-	-	-
Gain/Loss recognised in OCI	-	-	-
Closing	0.60	0.60	0.60

53 Financial risk management objectives and policies

The group's principal financial liabilities comprise loans and borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the group's operations and to provide guarantees to support its operations. The group's principal financial assets include loans, preference shares, equity, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The group's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The group's senior management has the overall responsibility for establishing and governing the group's risk management framework. The group has constituted a Risk Management Committee, which is responsible for developing and monitoring the group's risk management policies. The group's risk management policies are established to identify and analysis the risks faced by the group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the group.

**(a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and price risk. Financial instruments affected by market risk include interest bearing loans and borrowings.

The sensitivity analyses in the following sections relate to the position as at March 31, 2017 and March 31, 2016.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments are all constant as at 31 March 2017.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

**(i) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates.

**Interest rate sensitivity:**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows

**Fair value sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows:

For the year ended	March 31, 2017		March 31, 2016		April 01, 2015	
<b>Increase/ (decrease) in basis points</b>	100	(100)	100	(100)	100	(100)
<b>Effect on profit before tax increase/ (decrease)</b>	799.04	(799.04)	959.72	(959.72)	905.66	(905.66)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

**(ii) Foreign currency risk**

The Indian Rupee is the group's most significant currency. As a consequence, the group's results are presented in Indian Rupee and exposures are managed against Indian Rupee accordingly. The group has limited foreign currency exposure which are mainly on account ECB loan, purchases and exports.

The group has hedged 0.00% as at 31-Mar-2017 (1.75% as at 31-Mar-2016, 1.56% as at 01- Apr-2015) of its ECB loan to minimize the risk. Purchase and export has short recovery cycle and counter each other reducing the foreign currency risk.

**Foreign currency sensitivity:**

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the group's profit before tax is due to changes in the fair value of liabilities

**Sensitivity to risk**

For the year ended	March 31, 2017		March 31, 2016		April 01, 2015	
<b>Increase/ (decrease) in Currency rate</b>	2.75%	(2.75%)	2.75%	(2.75%)	2.75%	(2.75%)
<b>Effect on profit before tax increase/ (decrease)</b>	(364.81)	364.81	(599.09)	599.09	(788.70)	788.70

**Radico Khaitan Limited**  
**Notes forming part of the Consolidated Financial Statements**

(Rs. in Lakhs unless otherwise stated)

**(iii) Equity price risk**

The group's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the group's senior management on a regular basis. The group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was Rs. 0.60 lakhs.

**(b) Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

**Trade receivables/ loans and advances**

Credit risk is managed by group subject to the group's established policy, procedures and control relating to credit risk management. Credit quality is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and loans are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for receivables and loans. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note below. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and has been rated highly based on internal credit assessment parameters.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the group's treasury department in accordance with the group's policy. Counter party credit limits are reviewed by the group's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The group's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2017 and March 31, 2016 is the carrying amounts as illustrated in note below.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security deposits	7432.68	6719.00	1343.13
Bank deposits	87.58	178.63	223.30
Trade receivables	62,401.07	61,092.56	52,647.78
Cash and cash equivalents	1,406.78	1,270.25	1,172.34
Loans to related parties	28.35	-	1,029.07
Inter corporate deposits	10,085.00	9,695.00	16,990.00
Investment in preference share	2,000.00	2,000.00	2,000.00
<b>Total</b>	<b><u>83,441.46</u></b>	<b><u>80,955.44</u></b>	<b><u>75,405.62</u></b>

**Radico Khaitan Limited**  
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**(c) Liquidity Risk**

The group monitors its risk of a shortage of funds on a regular basis. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments

Particulars	Payable within one year	Payable within one year to five years	Total
<b>As at March 31, 2017:</b>			
Term loans from banks	14,482.15	10,427.68	24,909.83
Short term loan	55,090.67	-	55,090.67
Trade payables	18,532.34	-	18,532.34
Other Financial Liabilities	1,056.36	60.00	1,116.36
<b>As at March 31, 2016:</b>			
Term loans from banks	14,392.34	19,573.35	33,965.69
Short term loan	62,005.82	-	62,005.82
Trade payables	17,601.02	-	17,601.02
Other Financial Liabilities	967.27	113.59	1,080.86
<b>As at April 01, 2015:</b>			
Term loans from banks	11,082.76	32,102.12	43,184.88
Short term loan	47,380.73	-	47,380.73
Trade payables	15,653.22	-	15,653.22
Other Financial Liabilities	1,089.48	70.61	1,160.09

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the group to manage risk concentrations at both the relationship and industry levels.

**Collateral**

The group has create a charge in favor of the lenders for loans. Refer note 18 and 23 on Borrowings for details.

54	Post-employment benefit plans	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	Gratuity	110.83	355.89	292.70
	Leave Encashment	1,130.00	987.51	810.10
	<b>Total</b>	<b>1,240.83</b>	<b>1,343.40</b>	<b>1,102.80</b>

The group has a defined benefit plans for Gratuity, Provident Fund and Leave Encashment. For provident fund, group makes contribution to provident fund trust. Gratuity plan is funded with LIC and requires contributions to be made to a separate fund administered by LIC. Leave encashment liability of the group is unfunded. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

Each year, the Board of Trustees reviews the level of funding in the Gratuity plan and Provident fund. Such a review includes the asset-liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of this annual review. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit or Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans.



## Radico Khaitan Limited

## Notes forming part of the Consolidated Financial Statements

(Rs. in Lakhs unless otherwise stated)

Changes in the defined benefit obligation and fair value:

	Defined benefit obligation	Gratuity Fair value of plan assets	Benefit liability	Defined benefit obligation	Leave Encashment Fair value of plan assets	Benefit liability
April 01, 2016	(1,732.34)	1,376.44	(355.89)	(987.51)	-	(987.51)
Cost charged to profit or loss						
Service cost	(125.24)	-	-	(106.63)	-	-
Net interest expense	(138.59)	110.12	-	(79.00)	-	-
Sub-total included in profit or loss	<u>(263.83)</u>	<u>110.12</u>	<u>(153.71)</u>	<u>(185.63)</u>	<u>-</u>	<u>-</u>
Benefits paid	81.93	(81.93)	-	126.17	-	-
Remeasurement gains/(losses) in other comprehensive income	-	-	-	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	(2.23)	-	-	-	-
Actuarial changes arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial changes arising from changes in financial assumptions	(73.11)	-	-	(44.50)	-	-
Experience adjustments	(45.33)	-	-	(38.52)	-	-
Sub-total included in OCI	<u>(118.44)</u>	<u>(2.23)</u>	<u>(120.68)</u>	<u>(83.02)</u>	<u>-</u>	<u>(83.02)</u>
Contributions by employer	-	519.45	519.45	-	-	-
March 31, 2017	<u>(2,032.68)</u>	<u>1,921.84</u>	<u>(110.83)</u>	<u>(1,130.00)</u>	<u>-</u>	<u>(1,130.00)</u>
	Defined benefit obligation	Gratuity: Fair value of plan assets	Benefit liability	Defined benefit obligation	Leave Encashment: Fair value of plan assets	Benefit liability
April 01, 2015	(1467.78)	1175.08	(292.70)	(810.10)	-	(810.10)
Cost charged to profit or loss						
Service cost	(107.15)	-	-	(91.28)	-	-
Net interest expense	(117.42)	94.01	-	(62.78)	-	-
Sub-total included in profit or loss	<u>(224.57)</u>	<u>94.01</u>	<u>(130.56)</u>	<u>(154.06)</u>	<u>-</u>	<u>(154.06)</u>
Benefits paid	89.47	(89.47)	-	102.51	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	9.08	-	-	-	-
Remeasurement gains/(losses) in other comprehensive income	-	-	-	-	-	-
Actuarial changes arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial changes arising from changes in financial assumptions	(88.49)	-	-	(0.48)	-	-
Experience adjustments	(40.97)	-	-	(125.38)	-	-
Sub-total included in OCI	<u>(129.46)</u>	<u>9.08</u>	<u>(120.38)</u>	<u>(125.86)</u>	<u>-</u>	<u>(125.86)</u>
Contributions by employer	-	187.74	187.74	-	-	-
March 31, 2016	<u>(1732.34)</u>	<u>1376.44</u>	<u>(355.89)</u>	<u>(987.51)</u>	<u>-</u>	<u>(987.51)</u>
		As at March 31, 2017		As at March 31, 2016		As at April 01, 2015
Funds Managed by Insurer		1,921.84		1,376.44		1,175.08
<b>Total</b>		<u>1,921.84</u>		<u>1,376.44</u>		<u>1,175.08</u>

The principal assumptions used in post-employment:

	For the year ended March 31, 2017 %	For the year ended March 31, 2016 %
Discount rate:		
Gratuity	7.50%	8.00%
Leave Encashment	7.50%	8.00%
Future salary increases:		
Gratuity	5.50%	5.50%
Provident Fund	5.50%	5.50%
Leave Encashment		
Mortality rate:		
Gratuity	100% of IALM (2006 - 08)	
Leave Encashment	100% of IALM (2006 - 08)	

## Radico Khaitan Limited

### Notes forming part of the Consolidated Financial Statements

A quantitative sensitivity analysis for significant:

	Gratuity		Leave Encashment	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Assumption: - Sensitivity Level	Discount Rate 0.50%	Discount Rate 0.50%	Discount Rate 0.50%	Discount Rate 0.50%
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	(70.29)	76.61	(44)	48
Assumption Sensitivity Level	Future Salary Increase 0.50%	Future Salary Increase 0.50%	Future Salary Increase 0.50%	Future Salary Increase 0.50%
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	77.75	(71.89)	48.69	(45.52)

The sensitivity analyses above have been determined.

Expected contribution to post employment benefit plans for the next Annual reporting period is Rs. 316.50 lakhs (Rs. 140.12 lakhs and Rs. 176.38 lakhs is for Gratuity and Leave encashment respectively).

The following payments are expected contributions to the defined benefit plan in future years:

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
	Gratuity		Leave Encashment	
Within the next 12 months (next annual reporting period)	302.81	54.61	291.82	269.79
Between 2 and 5 years	680.88	866.92	153.73	118.20
Beyond 5 years	1,048.99	810.81	684.44	599.52
Total expected payments	2,032.68	1,732.34	1,130.00	987.51
The average duration of the Gratuity and leave encashment at the end of the reporting period	19.83 years	18.94 years	18.39 year	18.83 year

## 55 Information under 186(4) of the Companies Act, 2013

For the year ended  
March 31, 2017

For the year ended  
March 31, 2016

(a) Loans given:		
i) To a Joint Venture Company (interest free working capital advance)		
Opening Balance	-	1,000.00
Given during the year	1,000.00	-
Received during the year	1,000.00	1,000.00
Closing Balances	-	-
ii) In the form of unsecured short-term Inter corporate Deposits *		
Opening Balance	9,695.00	16,990.00
Given during the year	1,750.00	3,550.00
Received during the year	1,360.00	10,845.00
Closing Balances	10,085.00	9,695.00

(b) Investments made - as disclosed under Note.3,4 & 9

(c) Guarantee given: - as disclosed in Note no.38(iv)

\* Notes:

All loans are given to unrelated entities at interest rates ranging from 11 % to 14%

All the loans are provided for business purposes of respective entities, repayable on demand with prepayment option to the borrower.

## 56 Capital management

For the purpose of the group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the group's capital management is to maximise the shareholder value.

The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital employed as well as the level of dividend to shareholders.

The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The group monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. The group's policy is to keep the debt equity ratio between 70% and 100%. The group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

**Radico Khaitan Limited**  
**Notes forming part of the Consolidated Financial Statements**

(Rs. in Lakhs unless otherwise stated)

The group's debt equity ratio was as follows:

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Particulars			
Borrowings	79,903.59	95,971.51	90,565.61
Less: Cash and cash equivalents	1,406.78	1,270.25	1,172.34
<b>Net debt</b>	<b>78,496.81</b>	<b>94,701.26</b>	<b>89,393.27</b>
Equity Capital	2,660.78	2,660.78	2,660.78
Other Equity	101,751.52	95,069.25	95,069.25
<b>Total Equity</b>	<b>104,412.30</b>	<b>97,730.03</b>	<b>97,730.03</b>
<b>Debt Equity Ratio</b>	<b>75.18%</b>	<b>96.90%</b>	<b>91.47%</b>

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current quarter. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

**57 Additional Disclosure of Schedule-III**

Name of the Entity in the Group	Net Assets (total assets minus total liabilities)		Share in Profit or Loss		Share in other Comprehensive Income/(Loss)		Share in Total Comprehensive Income/(Loss)	
	As % of Consolidated Net assets	Amount	As % of Consolidated profit or (loss)	Amount	As % of Other Comprehensive Income/(Loss)	Amount	As % of total Comprehensive Income/(Loss)	Amount
<b>Radico Khaitan Limited</b>								
March 31, 2017	85.67	89,449.70	99.88	8,061.25	97.08	(133.20)	99.93	7,928.05
March 31, 2016	84.70	82,773.23	93.99	7,344.73	99.14	(161.02)	93.88	7,183.71
<b>Joint Venture</b>								
<b>Radico NV Distilleries Maharashtra Limited</b>								
March 31, 2017	14.33	14,962.16	0.12	9.80	2.92	(4.00)	0.07	5.80
March 31, 2016	15.30	14,956.36	6.01	469.71	0.86	(1.39)	6.12	468.32
<b>Total</b>								
March 31, 2017	100.00	104,411.86	100.00	8,071.05	100.00	(137.20)	100.00	7,933.85
March 31, 2016	100.00	97,729.59	100.00	7,814.45	100.00	(162.41)	100.00	7,652.04

**Radico Khaitan Limited**  
Notes forming part of the Consolidated Financial Statements

(Rs. in Lakhs unless otherwise stated)

**58 Interest in other Entities**  
**a) Interest in Joint Venture**

Name of the Entity	Place of Business	% of Ownership Interest	Relation-ship	Accounting Method	Carrying Amount		
					As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Radico NV Distilleries Maharashtra Limited	Maharashtra	36%	Joint Venture	Equity Method	14962.16	14,956.36	14,488.02

**b) Summarised financial information the joint venture:**

The table below provide summarised financial information for the joint venture of the group. The information disclosed reflects the amounts presented in financial statement of the joint venture and not Radico Khaitan Limited's share of those amounts.

**Summarised Balance Sheet:**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Assets</b>			
<b>Non-current assets</b>			
Net Block Including CWIP	36,033.72	36,122.32	36,054.75
Investment Property	47.45	50.56	53.67
Other Intangible assets	112.65	112.65	112.65
Financial Assets	6,044.99	1,092.85	1,001.06
Other non-current assets	506.88	514.17	146.19
<b>Current assets</b>			
Inventories	7,312.23	5,473.43	5,300.52
Financial Assets	4,734.75	9,271.30	10,242.62
Other current assets	2,306.95	2,025.02	2,402.61
<b>Total Assets</b>	<u>57,099.62</u>	<u>54,662.30</u>	<u>55,314.07</u>
<b>Equity</b>			
Equity Share capital	7,387.72	7,387.72	7,387.72
Other Equity	34,173.83	34,157.73	32,856.79
<b>Non-current liabilities</b>			
Financial Liabilities	3,671.55	2,507.65	3,349.29
Provisions	79.67	53.01	40.24
Deferred tax liabilities (Net)	3,178.81	3,360.70	3,398.98
Other non-current liabilities	41.88	43.29	45.24
<b>Current liabilities</b>			
Financial Liabilities	7,611.95	6,187.18	7,289.57
Other current liabilities	352.21	530.50	657.97
Provisions	602.00	434.52	288.27
<b>Total Equity and Liabilities</b>	<u>57,099.62</u>	<u>54,662.30</u>	<u>55,314.07</u>

**Summarized Statement of Profit and Loss for the year ended**

Particulars	March 31, 2017	March 31, 2016
Revenue from operations (including excise duty)	26,510.33	22,367.51
Other income	983.29	1,591.22
Cost of materials consumed	18,828.09	13,013.02
Changes in inventories of finished goods and stock in process	(993.79)	142.01
Excise Duty on sale of goods	444.31	537.75
Employee benefits expense	1,615.18	1,485.37
Finance costs	680.02	736.49
Depreciation and amortization expense	1,741.89	1,636.33
Other expenses	5,270.40	5,008.98
Profit for the year before taxation	(92.48)	1,398.78
Taxes	(119.74)	94.05
Profit for the year after tax	27.26	1,304.73
Other Comprehensive Income/ (Loss) for the year, net of tax	(11.12)	(3.85)
Total Comprehensive Income/ (Loss) for the year, net of tax	<u>16.14</u>	<u>1,300.88</u>

**The capital commitment and contingent liabilities of the above joint venture are given below:**

Particulars	As at March 31, 2017	As at March 31, 2016
Capital Commitments	-	675.55
Contingent Liabilities	558.58	696.38

The group has filed legal suits against recovery of its dues from trade receivable and other parties aggregating to Rs 6.66 Lakhs, which are in the opinion of Management recoverable and no material losses are foreseen.



**Radico Khaitan Limited****(Rs. in Lakhs unless otherwise stated)****Notes forming part of the Consolidated Financial Statements****c) Reconciliation of Carrying Amount**

The table below provides the reconciliation to carrying amounts for the joint venture to the group.

Particulars	As at March 31, 2017	As at March 31, 2016
Opening net Assets	41,545.45	40,244.51
Profit for the year	27.26	1,304.73
Other Comprehensive Income	(11.12)	(3.85)
Total Comprehensive Income/ (Loss) for the year, net of tax	16.14	1,300.88
Closing Net Assets	41,561.55	41,545.39
Group's Share in %	36%	36%
Group's Share in Rs.	14,962.16	14,956.36
Carrying Amount	14,962.16	14,956.36

**59 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)**

During the year, the group had specified bank notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017, on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	26.58	5.02	31.60
(+) Permitted receipts		65.19	65.19
(-) Permitted payments		56.22	56.22
(-) Amount deposited in Banks	26.58	-	26.58
Closing cash in hand as on December 30, 2016	-	13.99	13.99

As per our report of even date

For and on behalf of Board of Directors

For BGJC & Associates LLP  
Chartered Accountants  
Firm Regn. No. 003304N

**Dilip K. Banthiya**  
Chief Financial Officer

**Dr. Lalit Khaitan**  
Chairman & Managing Director

Darshan Chhajer  
Partner  
Membership No. 088308

**Amit Manchanda**  
Vice president - Legal &  
Company Secretary

**Abhishek Khaitan**  
Managing Director

Place : New Delhi  
Dated : May 23, 2017

**Ajay K. Agarwal**  
President (Finance & Accounts)

Director

## NOTES

## Corporate Profile

<p><b>BOARD OF DIRECTORS:</b></p> <p>Dr. Lalit Khaitan Chairman &amp; Managing Director</p> <p>Abhishek Khaitan Managing Director</p> <p>K.P. Singh Wholetime Director</p> <p>Dr. Raghubati Singhania</p> <p>Karna Singh Mehta</p> <p>Ashutosh Patra</p> <p>Sarvesh Srivastava</p> <p>Shailja Devi</p> <p><b>VICE PRESIDENT - LEGAL &amp; COMPANY SECRETARY:</b></p> <p>Amit Manchanda</p>	<p><b>REGISTERED OFFICE:</b></p> <p>Bareilly Road Rampur - 244 901 (U.P.).</p> <p>Phone No.0595-2350601, 2350602 Fax No.0595-2350009</p> <p>Email:Rampur@radico.co.in</p> <p><b>CORPORATE OFFICE:</b></p> <p>Plot No.J-1, Block B-1 Mohan Co-operative Industrial Area Mathura Road, New Delhi - 110 044. Ph.: +91-11-4097 5400/444 4097 5500/555 Fax.: +91-11-4167 8841/42 E-mail:info@radico.co.in</p> <p><b>WORKS:</b></p> <p>Rampur Distillery Bareilly Road Rampur - 244 901 (U.P.).</p> <p>Plot No.B-24, A-25, Shri Khatushyamji Industrial Complex Reengus Dist. Sikar - 332 404 Rajasthan.</p> <p>A-1/A-2/B-3, Bazpur Industrial Area Phase - I, P.O. Sultanpur Patti Bazpur Dist. Udham Singh Nagar - 262 123 Uttarakhand.</p> <p>S. No.59 Timmerpur Village Palmakul Post - 509 325 Shadnagar Tq. Mahaboobnagar Dist. Hyderabad Andhra Pradesh.</p> <p>44 KM Stone Delhi Rohtak Road Village &amp; Post Rohad Bahadurgarh. Dist. Jhajjar - 124501 Haryana.</p>	<p><b>AUDITORS:</b></p> <p>M/s. BGJC &amp; Associates LLP 202, 2nd Floor, Raj Tower-1, Alaknanda Community Center, New Delhi-110 019. Ph.no.011-2602 5140,93134 85031 Fax: 11-2602 0436</p> <p><b>INTERNAL AUDITORS:</b></p> <p>M/s. Grant Thornton 21<sup>st</sup> Floor, DLF Square, Jacaranda Marg, DLF Phase II, Gurgaon - 122 002.</p> <p><b>COST AUDITORS:</b></p> <p>Mr. S.N. Balasubramanian Cost Accountant Flat No: H -301, Green Valley Apartment Plot No.18, Sector-22 Dwarka New Delhi -110 077.</p> <p><b>BANKERS AND FINANCING INSTITUTIONS:</b></p> <p>Punjab National Bank State Bank of India AXIS Bank Ltd. Kotak Mahindra Bank Standard Chartered Bank IDBI Bank Ltd. ICICI Bank Ltd. Yes Bank Ltd. Aditya Birla Finance Ltd. Lakshmi Vilas Bank Ltd. HDFC Bank Ltd.</p> <p><b>OUR WEBSITE:</b> <a href="http://www.radicokhaitan.com">www.radicokhaitan.com</a></p>
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**RADICO KHAITAN LIMITED**

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Corporate Office:

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